

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1189930-1

Total Deleted Page(s) = 19

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RECEIVED
TELETYPE
UNIT

INBOX.44 (#9462)

TEXT:

VZCZCLA0027

25 NOV 87 1426

FEDERAL BUREAU
OF INVESTIGATION

PP HQ PX

DE LA #0027 3282330

ZNR UUUUU

P 240101Z NOV 87

FM LOS ANGELES (196A-4834)(WCC-1)(P)

TO DIRECTOR PRIORITY

PHOENIX (196A-1966) PRIORITY

ATTENTION: SA [REDACTED]

BT

UNCLAS

JOHN ELLSWORTH, [REDACTED] DBA COMMERCIAL ACCEPTANCE

CORPORATION (CAC); LOS ANGELES, CALIFORNIA; OO: LOS ANGELES

AUTHORITY IS REQUESTED TO UTILIZE AN ELECTRONIC DEVICE TO
MONITOR AND/OR RECORD PRIVATE CONVERSATIONS BETWEEN [REDACTED]
[REDACTED] AND OTHERS YET UNKNOWN IN CONNECTION WITH A MF, FBW AND
ITSP MATTERS.

FOR INFORMATION, ON NOVEMBER 17, 1987, THE CALIFORNIA
DEPARTMENT OF CORPORATIONS FILED A CIVIL SUIT AGAINST
ALLEGING SECURITIES FRAUD AGAINST CAC, TEN OTHER FIRMS AND TWENTY
INDIVIDUALS. THE MAIN DEFENDANT IN THE CASE IS A JOHN ELLSWORTH

*Emergency Authority was obtained by SA [REDACTED] 11-20-87 from [REDACTED] back dated
SA [REDACTED] LA Division was advised
same date.*

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. &	_____
Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison	_____
Telephone Rm.	_____
Director's Sec'y	_____

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ELCUB INDEX

97 MAY 17 1988

WHO HAS PREVIOUSLY PLED GUILTY TO POSSESSION OF A FORGED DOCUMENT AND GRAND LARCENY IN NEW YORK. THE SUIT ALLEGES THAT ELLSWORTH AND CAC BORROWED SOME 23 MILLION DOLLARS FROM ABOUT 400 PENSION AND PROFIT SHARING ENTITIES. THE INVESTOR FUNDS WERE SUPPOSEDLY BACKED BY ADEQUATE COLLATERAL WITH AN ATTRACTIVE RATE OF RETURN. DEPARTMENT OF CORPORATION INFORMATION INDICATES POSSIBLE FRAUD ON THE PART OF ELLSWORTH AND CAC IN THAT THE FUNDS WERE APPARENTLY UTILIZED BY ELLSWORTH ET AL AT THE EXPENSE OF THE INVESTORS. THE BASIC SCHEME INVOLVED BONDS BEING ISSUED THROUGH CAC FINANCED BY INVESTOR FUNDS WHICH BONDS ARE MATURING AND BEING DEFAULTED ON BY CAC AND AFFILIATED ENTITIES.

ON NOVEMBER 20, 1987, [REDACTED]

[REDACTED] TELEPHONE [REDACTED]

TELEPHONICALLY CONTACTED SPECIAL AGENT (SA) [REDACTED] LOS ANGELES DIVISION. [REDACTED] ADVISED THAT HE HAS BEEN CONTACTED BY ELLSWORTH AND [REDACTED] TO SUPPOSEDLY [REDACTED]

[REDACTED] AND DOES NOT TRUST ELLSWORTH AND [REDACTED]

LOS ANGELES IS DESIROUS OF MONITORING THIS CONVERSATION TO

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PAGE THREE DE LA 0027 UNCLAS

POSSIBLY OBTAIN INCRIMINATING STATEMENTS ON THE PART OF ELLSWORTH AND [REDACTED] HAS CONSENTED TO UTILIZE A BODY RECORDER TO RECORD THE CONVERSATION WHICH WILL OCCUR IN [REDACTED] SOMETIME ON [REDACTED] HAS GIVEN VERBAL CONSENT AND IS WILLING TO FURNISH WRITTEN CONSENT (FD-473) AND IS WILLING TO TESTIFY IN COURT. A BRIEFCASE WILL BE USED TO MONITOR THE CONVERSATION AND WILL ONLY BE ACTIVATED WHEN CONSENTING PARTY IS PRESENT.

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ON NOVEMBER 20, 1987, ASSISTANT UNITED STATES ATTORNEY (AUSA) [REDACTED] LOS ANGELES, CALIFORNIA, CONCURRED IN THE USE OF THE EQUIPMENT UNDER THESE CIRCUMSTANCES AND DOES NOT FORESEE AN INSURMOUNTABLE BAR TO PROSECUTION DUE TO POSSIBLE ENTRAPMENT CLAIMS.

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EMERGENCY AUTHORITY GRANTED TELEPHONICALLY NOVEMBER 20, 1987 AT FEDERAL BUREAU OF INVESTIGATION HEADQUARTERS OFFICIALS BECAUSE MEETING BETWEEN [REDACTED] AND ELLSWORTH ET AL WAS TO OCCUR

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[REDACTED]
BT

#0027

NNNN

Airtel

Unclass

12/3/87

Director, FBI

SACs, Los Angeles (196A-4834) (WCC-1)
Phoenix (196A-1966) (INFO)

JOHN ELLSWORTH, [REDACTED] DBA COMMERCIAL
ACCEPTANCE CORPORATION (CAC); LOS ANGELES, CA;
FBW;
OO: LOS ANGELES

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Re Los Angeles teletype dated 11/24/87.

Pursuant to the provisions of the Attorney General's Memorandum of November 7, 1983, to the Heads and Inspectors General of Executive Departments and Agencies, entitled "Procedures for Lawful, Warrantless Interceptions of Verbal Communications," authorization was granted on 12/1/87 for the use of a transmitting and/or recording device, as described in referenced communication. Authorization is for a period of 30 days beginning on 11/20/87.

Emergency authority for use of these devices, which was granted on 11/20/87, is also confirmed.

You are to submit an FD-621 within 30 days of the expiration of this authorization furnishing information regarding use of this equipment in accordance with MIOG, Part II, Section 10-10.3 (9).

In the event a renewal of this authority is deemed warranted, submit your request with full justification at least seven days prior to the expiration of the existing authority, in compliance with MIOG, Part II, Section 10-10.3 (9).

In addition, you should ensure that all persons reasonably identified as having been monitored are included in the field office and FBIHQ ELSUR indices, (MIOG, Part II, Section 10-10.5). Strict administrative controls must be established to ensure these requirements are met.

196-8198-2

As you know, this equipment is to be used only when a consenting party is present. Bureau equipment should be afforded appropriate security. You should keep the Bureau advised of pertinent developments.

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:

Adm. Servs. *Adm.* - Attn: Los Angeles Elsur Coordinator
Crim. Inv. _____
Ident. _____ 1 - Elsur Index, RMD
Insp. _____ 1 - Ms. [REDACTED]
Intell. _____
Lab. _____

DEC 8 1987

Legal Coun. _____ NOTE: EMERGENCY AUTHORITY GRANTED BY [REDACTED] ASST. SECTION 8
Off. Cong. & Public Affs. _____ CHIEF WCCS ON 11/20/87. LOS ANGELES DIVISION WAS ADVISED SAME DATE.
Rec. Mgnt. _____

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Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____
MAIL ROOM _____

APPROVED: [REDACTED] Adm. Servs. [REDACTED]
Crim. Inv. [REDACTED]
Ident. [REDACTED]
Insp. [REDACTED]
Intell. [REDACTED]
Lab. [REDACTED]
Legal Coun. [REDACTED]
Off. Cong. & Public Affs. [REDACTED]
Rec. Mgnt. [REDACTED]
Tech. Servs. [REDACTED]
Training [REDACTED]
Telephone Rm. [REDACTED]
Director's Sec'y [REDACTED]

22 MAY 17 1988 352

Airtel

Unclas

12/3/87

Director, FBI

SAC, Los Angeles (196A-4834) (WCC-1)
Phoenix (196A-1966)(INFO)

JOHN ELLSWORTH, [REDACTED]; DBA COMMERCIAL
ACCEPTANCE CORPORATION (CAC); LOS ANGELES, CA;
FBW
OO: LOS ANGELES

b6
b7C

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In addition, you should ensure that all persons reasonably identified as having been monitored are included in the field office and FBIHQ ELSUR indices, (MIOG, Part II, Section 10-10.5). Strict administrative controls must be established to ensure these requirements are met.

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Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & _____
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

1 - Attn: Phoenix Elsur Coordinator
1 - Elsur Index, RMD
1 - Ms. [REDACTED]

NOTE: EMERGENCY AUTHORITY GRANTED BY [REDACTED] ASST. SECTION
CHIEF WCCS ON 11/20/87. PHOENIX DIVISION WAS ADVISED SAME DATE.

APPROVED:

Director _____
Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Off. of Lia. & Int. Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____

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MAIL ROOM ☐

(6)

NON-TELEPHONIC CONSENSUAL MONITORING AND/OR CCTV

TO: Chief [redacted]
FROM: SSA [redacted] Section WCC
SUBJECT: [redacted]

Date 12-1-87

Unit Financial Crimes

Acceptance Corporation (AC); Los Angeles, California;
DBA Commercial

Attached communication from [redacted] Field Office, dated 11-24-87, requests Routine, Renewal, Emergency, Emergency Renewal (circle one), authorization for the use of electronic device to monitor and/or record private conversations. Authorization is for 30 days or 60* days (circle one), beginning on 11-20-87. Previous authority granted on [redacted] and expires/expired on [redacted]. (Fill in blanks, if applicable.)

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Emergency authority granted by [redacted] on 11-20-87 to SA [redacted]

- | | | |
|--|-------------------------------------|--------------------------|
| 1. The consenting party has: | YES | NO |
| a. agreed to testify | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| b. executed the consent form | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Recording/transmitting device will only be activated when the consenting party is present | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Government attorney (in Judicial District where interception(s) will take place or who is designated for the investigation) sees no entrapment and approves of the use of this technique as being appropriate | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Subject(s) of this case are alleged to be involved in:

FBI
(nature of violation)

The AG Memorandum of 11/7/83 on consensual monitoring has been reviewed and this request does/does not (circle one) require written authorization from the Department of Justice. (See attached checklist)

Authorization to include the use of CCTV. (Yes/No) If yes, AG Order 985-82 has been reviewed and use of CCTV does/does not (circle one) require DOJ authority. (See attached)

APPLICABLE ACTION MEMORANDUM FORMAT IF DOJ AUTHORITY REQUIRED:
APPLICABLE CONFIRMING AIRTEL FORMAT IF DOJ AUTHORITY NOT REQUIRED:

REVIEW/APPROVAL

- Unit Chief [redacted]
**LCD [redacted]
Approved: [redacted], Section Chief
*Note that 60 day authority is appropriate only in long-term investigations such as UCOs.
* Review and concurrence by LCD is necessary if any of the seven instances requiring written DOJ approval exist or if use of CCTV requires written DOJ approval.

- Bureau file
- Tickler file

THIS REQUEST DOES NOT REQUIRE WRITTEN AUTHORIZATION FROM THE DEPARTMENT OF JUSTICE BECAUSE (check appropriately):

☒ it does not relate to an investigation of a member of Congress, a Federal Judge, a member of the Executive Branch at Executive Level IV or above, or a person who has served in such capacity within the previous two years;

☒ it does not relate to an investigation of any public official and the offense investigated is not one involving bribery, conflict of interest, or extortion relating to the performance of his or her official duties;

☒ it does not relate to an investigation of a Federal law enforcement officer;

☒ the consenting or nonconsenting person is not a member of the diplomatic corps of a foreign country;

☒ the consenting or nonconsenting person is not or has not been a member of the Witness Security Program and that fact is known to the agency involved or its officers;

☒ the consenting or nonconsenting person is not in the custody of the Bureau of Prisons or the United States Marshals Service;

☒ the Attorney General, Deputy Attorney General, Associate Attorney General, Assistant Attorney General for the Criminal Division, or the United States Attorney in the district where an investigation is being conducted has not requested the investigating agency to obtain prior written consent from DOJ for making a consensual interception in a specific investigation.

THIS REQUEST FOR USE OF CCTV DOES REQUIRE DOJ APPROVAL BECAUSE (check appropriately):

☐ Area to be Viewed - Request includes use of CCTV to view the interior of private premises or other area where a reasonable expectation of privacy otherwise exists, although a participant in the activity to be viewed has consented.

☐ Area to be Viewed - Request includes use of CCTV to view the interior of private premises or other area where a reasonable expectation of privacy exists, but a participant in the activity to be viewed has not consented and, therefore, requires DOJ authority and a court order.

☐ Camera Placement - Request includes placement of CCTV to view the interior of private premises or other area where a reasonable expectation of privacy exists, but a participant in the activity to be viewed has not consented, and, therefore, requires DOJ authority and a court order.

RECEIVED
FBI

FEB 27 11 49 AM '88

INBOX.64 (#7276)

TEXT:

VZCZCLAO041

CRIMINAL INVESTIGATION
DIVISION NIGHT DUTY OFFICE

RR PAR HQ

DE LA #0041 0570037

ZNR UUUUU

R 260232Z FEB 88

FM LOS ANGELES (196A-4834)(WCC-1)(P)

TO LEGAT, PARIS (196-0) ROUTINE

BUREAU ROUTINE

BT

UNCLAS

DBA COMMERCIAL ACCEPTANCE CORPORATION

(CAC), 411 W. 7TH STREET, LOS ANGELES, CALIFORNIA; JOHN C.

WELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER ENTERPRISES,

INC., CONSULTANA HOLDINGS, U.S. COAL CORPORATION, LOS ANGELES,

CALIFORNIA; BUSICORP SA, SARL, IRS REINSURANCE, LUXEMBOURG; FBW;

MF; ITSP; OO: LOS ANGELES

RE LEGAT PARIS TELETYPE TO LOS ANGELES, DATED FEBRUARY 13,
1987, CAPTIONED "COMMERCIAL ACCEPTANCE CORPORATION, FBW
INTERNATIONAL FRAUD".

FOR INFORMATION OF PARIS AND THE BUREAU, ON NOVEMBER 17,
1987, THE CALIFORNIA DEPARTMENT OF CORPORATIONS FILED A CIVIL

V-158 E-162

196-8198-2X

OCT 18 1989

RECEIVED
TELETYPE UNIT
FEB 27 11 53
FEDERAL BUREAU
OF INVESTIGATION

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. &	_____
Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison &	_____
Off. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

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CAO

RELAYED TO

FEB 23 1988

PAGE TWO DE LA 0041 UNCLAS

SUIT AGAINST CAC AND ELLSWORTH ALLEGING FRAUD INVOLVING SOME 60 MILLION DOLLARS BORROWED BY ELLSWORTH AND OTHERS FROM PENSION AND PROFIT SHARING FUNDS OF COMPANIES AND INDIVIDUALS. ELLSWORTH HAS PREVIOUSLY BEEN CONVICTED FOR GRAND LARCENY IN NEW YORK AND BANK FRAUD AND EMBEZZLEMENT IN LOS ANGELES.

THE PENSION AND PROFIT SHARING FUNDS WERE INVESTED THROUGH CAC WITH AN ATTRACTIVE RATE OF RETURN WITH THE UNDERSTANDING THAT THE FUNDS WOULD BE USED TO MAKE INSURED LOANS THAT WOULD BE ADEQUATELY COLLATERALIZED IN THE FORM OF PERSONAL PROPERTY.

ELLSWORTH CONTROLLED FIRMS ALLEGEDLY HAVE BORROWED IN EXCESS OF \$20 MILLION FROM CAC. ELLSWORTH ALSO WAS INSTRUMENTAL IN THE FORMULATION OF BUSICORP AND IRI REINSURANCE IN LUXEMBOURG FOR THE PURPOSE OF "INSURING" CAC LOANS. AN [REDACTED] AND A [REDACTED]

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[REDACTED] ARE INVOLVED WITH BUSICORP AND IRI AND ARE RESIDENTS OF

[REDACTED] AND [REDACTED] HAVE BEEN IN CONTACT WITH THE

LOS ANGELES CASE AGENT VIA TELEPHONE PROCLAIMING THEIR INNOCENCE. BOTH CLAIM ELLSWORTH TO BE THE VILLAIN AND THAT ELLSWORTH FORGED THEIR SIGNATURE ON INSURANCE DOCUMENTS WHEN IN FACT NO SUCH INSURANCE WAS EVER OBTAINED BY THEM. [REDACTED] STATED THAT THE

\$300,000 FURNISHED HIM TO [REDACTED] WAS RETURNED TO

PAGE THREE DE LA 0041 UNCLAS

ELLSWORTH.

IT HAS ALSO BEEN ALLEGED THAT [] AND [] OF CAC RECEIVED SIZABLE KICKBACKS IN RETURN FOR CAC LOANS. IT ALSO APPEARS THAT MUCH OF THE REAL ESTATE USED AS COLLATERAL IS UNDERCOLLATERALIZED AND OR USED AS COLLATERAL FOR MORE THAN ONE LOAN.

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CAC IS PRESENTLY IN RECEIVERSHIP AND, AS PREVIOUSLY STATED, LOSSES TO INVESTORS MAY TOTAL 60 MILLION.

ELLSWORTH WAS INTERVIEWED BY BUREAU AGENTS ON DECEMBER 16, 1987. ELLSWORTH CLAIMED [] AND [] REPRESENTED TO HIM THAT INSURANCE HAD BEEN OBTAINED FOR THE CAC LOANS AND THAT APPROXIMATELY \$600,000 IN PREMIUMS HAVE BEEN PAID TO BUSICORP/IRI. ELLSWORTH STATED THAT THE \$300,000 USED TO CAPITALIZE BUSICORP WAS NOT RETURNED TO HIM.

INFORMATION HAS BEEN RECEIVED THROUGH LOS ANGELES ATTORNEY [] THAT THE LUXEMBOURG AUTHORITIES ARE CONDUCTING A CRIMINAL INVESTIGATION REGARDING [] AND [] FURNISHED THE NAME OF []

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[] TELEPHONE [] EXTENSION [] AS THE PERSON TO

PAGE FOUR DE LA 0041 UNCLAS

CONTACT REGARDING THE INVESTIGATION. [REDACTED] INDICATED THAT

[REDACTED] HAS INFORMATION THAT [REDACTED]
[REDACTED]
[REDACTED]

LEGAT, PARIS IS REQUESTED TO CONTACT [REDACTED] IN AN
EFFORT TO OBTAIN ANY INFORMATION AND DOCUMENTATION HE MAY HAVE
REGARDING [REDACTED] AND ANY OTHER INFORMATION REGARDING
CAPTIONED CASE. IF SO DESIRED LEGAT, PARIS IS REQUESTED TO
AUTHORIZE A DIRECT LINE OF COMMUNICATION BETWEEN LOS ANGELES CASE
AGENT, SPECIAL AGENT [REDACTED] AND [REDACTED]

BT

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FBI

JUN 7 8 45 AM '88

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TELETYPE UNIT

7 JUN 88 03 46

FEDERAL BUREAU
OF INVESTIGATION

CRIMINAL INVESTIGATION
DIVISION TELETYPE OFFICE

INBOX.6 (#4839)

TEXT:

VZCZCLAO005

RR HQ BER PAR

DE LA #0005 1590027

ZNR UUUUU

R 060012Z JUN 88

FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

LEGAT BERN/ROUTINE/

LEGAT PARIS (196-0)/ROUTINE/

BT

UNCLAS

CITE: //3410//

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. &	_____
Public Affs.	_____
Rec. Mgnt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison &	_____
Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

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b6
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SUBJECT: [REDACTED] DBA COMMERCIAL ACCEPTANCE
CORPORATION (CAC), 411 W. 7TH STREET, LOS ANGELES, CALIFORNIA;
JOHN C. ELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER
ENTERPRISES, INC., SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS
ANGELES, CALIFORNIA; BUSICORP SA, SARL; PIRS REINSURANCE,
LUXEMBOURG; FBW; ME; ITSP; OO: LOS ANGELES.

RE LOS ANGELES TELETYPE TO BUREAU AND LEGAT PARIS, DATED

12 AUG 17 1988

RELAYED TO:
BER, PAR

PAGE TWO DE LA 0005 UNCLAS

FEBRUARY 26, 1988, AND TELCAL SPECIAL AGENT (SA) [REDACTED]
[REDACTED] LOS ANGELES, CALIFORNIA, WITH [REDACTED] LEGAT,
PARIS, ON MAY 16, 1988.

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THE PURPOSE OF THIS TELETYPE IS TO REQUEST BUREAU PERMISSION
FOR SA [REDACTED], LOS ANGELES DIVISION, TO TRAVEL TO
PARIS, FRANCE FOR APPROXIMATELY ONE WEEK DURING JULY OF 1988 TO
INTERVIEW [REDACTED] AND [REDACTED] WHO WERE
INVOLVED IN ESTABLISHING BUSICORP, IRI REINSURANCE, AND OTHER
FIRMS FOR THE PURPOSE OF INSURING CAC LOANS. INTERNAL REVENUE
SERVICE (IRS) SA [REDACTED] AND DEPARTMENT OF LABOR
INVESTIGATOR [REDACTED] WILL ACCOMPANY SA [REDACTED] IF TRAVEL IS
APPROVED BY THE BUREAU AND HOST COUNTRY. THE FBI IS CONDUCTING A
JOINT INVESTIGATION WITH DEPARTMENT OF LABOR AND THE IRS. SA
[REDACTED] POSSESSES A PERSONAL PASSPORT.

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FOR INFORMATION OF LEGAT PARIS AND LEGAT, BERN, ON NOVEMBER
17, 1987, THE CALIFORNIA DEPARTMENT OF CORPORATIONS FILED A CIVIL
SUIT AGAINST CAC AND ELLSWORTH ALLEGING FRAUD INVOLVING SOME 60
MILLION DOLLARS BORROWED BY ELLSWORTH AND OTHERS FROM PENSION AND
PROFIT SHARING FUNDS OF COMPANIES AND INDIVIDUALS. ELLSWORTH HAS
PREVIOUSLY BEEN CONVICTED FOR GRAND LARCENY IN NEW YORK AND BANK

PAGE THREE DE LA 0005 UNCLAS

FRAUD AND EMBEZZLEMENT IN LOS ANGELES.

THE PENSION AND PROFIT SHARING FUNDS WERE INVESTED THROUGH CAC WITH AN ATTRACTIVE RATE OF RETURN WITH THE UNDERSTANDING THAT THE FUNDS WOULD BE USED TO MAKE INSURED LOANS THAT WOULD BE ADEQUATELY COLLATERALIZED IN THE FORM OF PERSONAL PROPERTY.

ELLSWORTH CONTROLLED FIRMS HAVE ALLEGEDLY BORROWED IN EXCESS OF \$20 MILLION FROM CAC. ELLSWORTH ALSO WAS INSTRUMENTAL IN THE FORMULATION OF BUSICORP AND IRI REINSURANCE IN LUXEMBOURG FOR THE PURPOSE OF "INSURING" CAC LOANS. AN [REDACTED] AND A [REDACTED]

[REDACTED] ARE INVOLVED WITH BUSICORP AND IRI AND ARE RESIDENTS OF

[REDACTED] AND [REDACTED] HAVE BEEN IN CONTACT WITH THE

LOS ANGELES CASE AGENT VIA TELEPHONE PROCLAIMING THEIR INNOCENCE.

BOTH CLAIM ELLSWORTH TO BE THE VILLIAN AND THAT ELLSWORTH FORGED

THEIR SIGNATURE ON INSURANCE DOCUMENTS WHEN IN FACT NO SUCH

INSURANCE WAS EVER OBTAINED BY THEM. [REDACTED] STATED THAT THE

\$300,000 FURNISHED HIM TO CAPITALIZE BUSICORP WERE RETURNED TO

ELLSWORTH.

IT HAS ALSO BEEN ALLEGED THAT [REDACTED] AND [REDACTED] OF CAC

RECEIVED SIZABLE KICKBACKS FROM BORROWERS IN RETURN FOR GRANTING

CAC LOANS. IT ALSO APPEARS THAT MUCH OF THE REAL ESTATE USED

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b7C

PAGE FOUR DE LA 0005 UNCLAS

AS COLLATERAL IS UNDERCOLLATERALIZED AND OR MAY HAVE BEEN USED AS COLLATERAL FOR MORE THAN ONE LOAN.

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b7C

INFORMATION HAS BEEN RECEIVED THROUGH LOS ANGELES ATTORNEY

[REDACTED] THAT THE LUXEMBOURG AUTHORITIES ARE CONDUCTING A CRIMINAL INVESTIGATION REGARDING [REDACTED] AND [REDACTED] FURNISHED THE NAME OF [REDACTED]

b6
b7C
b7D

[REDACTED] TELEPHONE [REDACTED] EXTENSION [REDACTED] AS THE PERSON TO CONTACT REGARDING THE INVESTIGATION. [REDACTED] INDICATED THAT

[REDACTED] HAS INFORMATION THAT [REDACTED]

PAGE FIVE DE LA 0005 UNCLAS

ASSISTANT UNITED STATES ATTORNEY (AUSA) [REDACTED]
CHIEF, MAJOR FRAUDS SECTION, U.S. ATTORNEY'S OFFICE, LOS ANGELES,
CALIFORNIA STATED IT IS NECESSARY TO HAVE [REDACTED] AND
[REDACTED] INTERVIEWED IN LUXEMBOURG REGARDING THEIR
ASSOCIATION WITH CAC, BUSICORP AND IRI REINSURANCE. THIS IS
NEEDED IN ORDER TO FULLY ASSESS [REDACTED] AND [REDACTED] POTENTIAL AS
WITNESSES OR SUBJECTS AND TO FULLY REVIEW STATEMENTS AND
DOCUMENTS FURNISHED BY THEM AFTER INTERVIEW PRIOR TO ANY FEDERAL
GRAND JURY (FGJ) TESTIMONY OF [REDACTED] AND [REDACTED] BOTH [REDACTED]
AND [REDACTED] HAVE STATED THEY ARE WILLING TO BE INTERVIEWED BY THE
FBI. IN [REDACTED] CAN BE CONTACTED AT HOME
TELEPHONE [REDACTED] AND [REDACTED] CAN BE CONTACTED AT [REDACTED]
[REDACTED] BOTH HAVE A BUSINESS ADDRESS OF [REDACTED]
[REDACTED]

b6
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DOCUMENTS IN CAPTIONED CASE FURTHER REFLECT THAT THE
FOLLOWING BUSINESSES/INDIVIDUALS HAD A BUSINESS RELATIONSHIP WITH
BUSICORP RELATING TO LOANS FURNISHED BY CAC:

b6
b7C

1) [REDACTED] DBA AAEP MANAGEMENT, ADDRESSES: 1) [REDACTED]
[REDACTED]

TELEFON [REDACTED]

2) [REDACTED]

PAGE SIX DE LA 0005 UNCLAS

[REDACTED] TELEFON [REDACTED]

b6
b7C

2) IRI REINSURANCE FOR INTERNATIONAL BUSINESS, AEULESTRASSE
5, FL-9490, VADUZ, ZURICH, POB 83.

IN ADDITION TO THE INTERVIEWS OF [REDACTED] AND [REDACTED] AND
OBTAINING INCORPORATION DOCUMENTS REGARDING BUSICORP, LOS ANGELES
IS ALSO INTERESTED IN OBTAINING BANK RECORDS REGARDING BUSICORP
AND BANK RECORDS AND INCORPORATION DOCUMENTATION REGARDING AAEP
MANAGEMENT AND IRI REINSURANCE. THESE REQUESTS ARE BEING MADE IN
THE EVENT THEY MAY BE OBTAINED OUTSIDE OF THE LETTERS ROGATORY
PROCESS. THE EXACT LOCATIONS OF IRI AND BUSICORP BANK RECORDS
ARE UNKNOWN.

THE FINAL REQUEST IS TO ARRANGE, IF POSSIBLE, AN INTERVIEW
WITH [REDACTED] IN LICHTENSTEIN OR PARIS, FRANCE REGARDING HIS
KNOWLEDGE OF INSURANCE BONDS AND REIMBURSEMENT AS THEY PERTAIN TO
CAC LOANS. NO PRIOR CONTACT HAS BEEN INITIATED WITH [REDACTED]

b6
b7C

LEGAT PARIS HAS INDICATED THAT THESE INTERVIEWS MIGHT BE
ALLOWED BY THE FRENCH AUTHORITIES AT THE EMBASSY IN PARIS. IF
[REDACTED] WILL SUBMIT TO INTERVIEWS IN PARIS, THIS
WOULD FACILITATE THE WHOLE INTERVIEW PROCESS.

BT

#0005

NNNN

4-7

FBI

TRANSMIT VIA:

☐ Teletype
☒ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 3/28/88

TO : DIRECTOR, FBI
 ATTN: (LANGUAGE SERVICES UNIT), FBI LABORATORY

FROM : SAC, LOS ANGELES (196A-4834) (WCC-1) (P)

SUBJECT: [REDACTED] ET AL
 FBW; MF; ITSP; [REDACTED]
 OO: Los Angeles

80407029

Re Los Angeles teletype to Bureau, Legat, Paris, dated 2/26/88.

Enclosed for the Bureau, Language Services Unit, FBI Laboratory, is a packet of documents written in what appears to be French and German. The documents are copies and not originals.

Background regarding captioned case is contained in referenced teletype.

The Bureau is requested to provide full translations of enclosed documents due to the fact that most or all of the enclosed documents appear to be of a contract nature requiring exact word for word translation.

ORIGINAL
 Copy & Specs Detached

APR 5 1988

- 2 - Bureau (Enc. 1)
 2 - Los Angeles

ENCLOSURE

- 1* -

Approved

Transmitted

(Number) (Time)

Per

Language Services
 SEVEN

11-7

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☒ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/18/88

SSP

CLASS RG
 SRC'D RG
 SER RG
 REC RG

TO: DIRECTOR, FBI
 (ATTN: LANGUAGE SERVICES UNIT)

81107054

FROM: LEGAT, BERN (196A-302) (RUC)

SUBJECT:

[redacted] dba

COMMERCIAL ACCEPTANCE CORPORATION (CAC),

411 WEST 7TH STREET, *Remarks*LOS ANGELES, CALIFORNIA; ET AL *one way + state*FBW; MF; ITSP *viols*

OO: LOS ANGELES

Re Bern teletype dated 10/3/88.

Enclosed for the Language Services Unit for translation
 is one copy of reports and enclosures furnished by [redacted]

Enclosed for Los Angeles is one copy of above described
 [redacted] reports.

The Language Services Unit is requested to translate
 enclosures and furnish translation to Los Angeles.

196-8198-3

(07) NOV 15 1988

ORIGINAL
 Copy & Specs Detached

- 5 - Bureau (Enc. **ENCLOSURE**)
 (1- OLIA)
 (2 - Los Angeles) (196A-4834) (WCC-1) (Enc. 1)
 1 - Bern

Approved: [redacted]

Transmitted

1* (Number) (Time)

Per [redacted]

*Translation to Los Angeles,
 Bern, and FBIHQ
 12/14/88*

8 DEC 22 1988

b6
b7C

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b6
b7C

RECEIVED

16 AUG 88 4 9 PM '88

FEDERAL BUREAU
OF INVESTIGATION
CRIMINAL DIVISION
COMMUNICATIONS SECTION

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison & Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

INBOX.18 (#9649)

TEXT:

VZCZCLA0028

RR HQ PAR BER

DE LA #0028 2292104

ZNR UUUUU

R 162050Z AUG 88

FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

FBI PARIS (163A-4034)/ROUTINE/

FBI LEGAT BERN (196A-302)/ROUTINE/

BT

UNCLAS

CITE: //3410//

SUBJECT: [REDACTED] DBA ^①COMMERCIAL ACCEPTANCE

CORPORATION (CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA;

JOHN C ^①ELLSWORTH, DBA ^①DESERT MARVEL LTD, DENNIS WAGNER

ENTERPRISES INC, ^①SULTANA HOLDINGS, ^①U.S. COAL CORPORATION, LOS

ANGELES, CALIFORNIA; ^①BUSICORP SA, SARL; ^①FBI REINSURANCE,

LUXEMBOURG, FBW; MF; ITSP; OO: LOS ANGELES.

12 AUG 26 1988

RE LATEL TO BUREAU, DATED 6/6/88, BERTEL DATED 6/10/88 AND

02 DEC 88
CIVIL
FBI
JAN 11 2 24 PM '88

RELAYED TO: [REDACTED]

b6
b7C

KJ

DE-110 196-8198-4

26

PAGE TWO DE LA 0028 UNCLAS

LEGAT PARIS TELETYPE DATED 8/9/88.

FOLLOWING IS DESCRIPTIVE DATA OF SUBJECTS AND OTHER
INFORMATION REQUESTED IN RE LEGAT, PARIS TEL.

1)

[REDACTED]

DATE OF BIRTH

[REDACTED]

HEIGHT

6'

SEX

MALE

WEIGHT

195 POUNDS

HAIR

GRAY

EYES

BLUE

RESIDENCE

[REDACTED]

b6
b7C

2)

[REDACTED]

DATE OF BIRTH

[REDACTED]

SEX

MALE

HAIR

BROWN

EYES

BROWN

HEIGHT

5'9"

WEIGHT

205 POUNDS

RESIDENCE

[REDACTED]

3)

JOHN CLIFFORD ELLSWORTH

PAGE FOUR DE LA 0028 UNCLAS

BT

#0028

NNNN

SSP

CLASS
SRC'D
SER
REC

VZCZCBERO272

RR HQ LA PAR

DE BER #0272 1621423

ZNR UUUUU

R 101500Z JUN 88

FM LEGAT BERN (196A-302) (P)

TO DIRECTOR ROUTINE

FBI LOS ANGELES (196A-4834) (WCC-1) ROUTINE

LEGAT PARIS ROUTINE

BT

UNCLAS

DBA COMMERCIAL ACCEPTANCE CORPORATION

(CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA; ET. AL; FBW;
MF; ITSP; OO: LOS ANGELES.

RELATEL DATED JUNE 6, 1988.

FOR INFORMATION OF LOS ANGELES AND LEGAT, PARIS, BERN
INDICES ARE NEGATIVE ON SUBJECTS AS WELL AS AAEP MANAGEMENT AND
IRI REINSURANCE.

A CHECK OF THE TELEPHONE NUMBERS SET FORTH IN REFERENCED
TELETYPE REVEALED AS FOLLOWS:

1. TELEPHONE NUMBER 075-27979 IS LISTED TO PRAESIDIAL-

RECEIVED
FBI

RECEIVED
TELETYPE

JUN 10

5:40 PM '88

10 JUN 88

FEDERAL BUREAU OF INVESTIGATION
OF INVESTIGATION DIVISION

Exec AD Adm	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. &	_____
Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Union A	_____
Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

b6
b7C

b6
b7C

196-8198-5

12 JUN 80 1988

RELAYED TO LA, PAR

16 MAY 16 1989

PAGE TWO DE BER 0272 UNCLAS

MANAGEMENT AND BERATUNG A.G., STAEDTLE 22, VADUZ, LIECHTENSTEIN. THIS IS A "MANAGEMENT AND CONSULTING" COMPANY. BERN INDICES CONTAIN TWO OLD REFERENCES FROM THE 1960'S ON PRAESIDIAL-ANSTALT (PRESIDIAL FOUNDATION IN GERMAN), WHICH IS ALSO LISTED IN THE VADUZ TELEPHONE DIRECTORY AT THE ADDRESS OF AEULESTRASSE 38 IN VADUZ.

2. REGARDING "ZWEIGBURO," IN GERMAN THIS MEANS BRANCH OFFICE. THE ZURICH TELEPHONE NUMBER 01-2028788 IS AN INTERNAL NUMBER AT A FIRM CALLED KEDRUSA, AN ABBREVIATED FORM OF "KERN DRUCHSACHEN, A.G.," A PRINTING FIRM WITH LISTED ADDRESSES AT STAFFELSTRASSE 1 AND MANESSESTRASSE 192 IN ZURICH, SWITZERLAND.

3. IRI REINSURANCE FOR INTERNATIONAL BUSINESS IS NOT LISTED IN EITHER THE VADUZ DIRECTORY NOR IN THE ZURICH DIRECTORY.

4. REGARDING [REDACTED] NO ONE WITH THAT OR A SIMILAR NAME IS LISTED IN VADUZ. ZURICH DIRECTORY CONTAINS ONE [REDACTED] AN [REDACTED] AND FIVE [REDACTED] BUT NONE WITH AN ADDRESS OF [REDACTED]

b6
b7C

CONCERNING THE POSSIBILITY OF ARRANGING INTERVIEW OF [REDACTED] IN LIECHTENSTEIN OR IN SWITZERLAND, THIS WOULD BE POSSIBLE BUT MUST BE PROPERLY ARRANGED. BOTH SWISS AND LIECHTENSTEIN

PAGE THREE DE BER 0272 UNCLAS

AUTHORITIES ARE VERY SENSITIVE ABOUT THEIR NATIONAL SOVEREIGNTY AND UNDER NO CIRCUMSTANCES SHOULD LOS ANGELES OR ANY OTHER ENTITY CONTACT OR ATTEMPT TO CONTACT [] DIRECTLY, WHETHER IN PERSON OR TELEPHONICALLY IN LIECHTENSTEIN OR SWITZERLAND.

SINCE IT IS NOT CLEAR WHAT ROLE [] PLAYS IN THE ALLEGED FRAUD SCHEME, BASED ON LEGAT'S READING OF LOS ANGELES' TELETYPE, LEGAT SUGGESTS THAT IF THE INTERVIEWS OF [] AND [] CAN BE ARRANGED AND COMPLETED, AND IF THOSE INTERVIEWS PROVIDE A FAIRLY CLEAR INDICATION OF [] ROLE IN THE ALLEGED FRAUD SCHEME, ONE OF TWO OPTIONS SHOULD BE EXERCISED. FIRSTLY, LEGAT CAN FURNISH

[] WITH BACKGROUND TO THIS MATTER AND

REQUEST [] THIS OPTION

WOULD BE SUITABLE IF [] IS BELIEVED TO BE NOT MATERIALLY INVOLVED AND IS MERELY A WITNESS. ON THE OTHER HAND, IF [] IS BELIEVED TO BE MATERIALLY INVOLVED IN THE FRAUD AND PARTICULARLY IF HE IS BELIEVED TO BE IN POSSESSION OF ANY RELEVANT DOCUMENTS, RECORDS, ETC., IT WOULD BE MUCH BETTER TO REQUEST THAT HE BE FORMALLY INTERVIEWED OR DEPOSED PURSUANT TO A MUTUAL ASSISTANCE REQUEST. THIS OPTION WOULD ENABLE [] TO COMPEL TRUTHFUL RESPONSES TO QUESTIONS AND ALLOW []

b6
b7C
b7D

PAGE FOUR DE BER 0272 UNCLAS

[REDACTED] TO ORDER SEIZURE OF ANY RELEVANT DOCUMENTS, RECORDS, ETC. IT WOULD ALSO BE POSSIBLE TO HAVE A U.S. OFFICIAL PRESENT DURING THE INTERVIEWS.

LEGAT CAN AT THIS POINT ASK [REDACTED] TO CONDUCT INVESTIGATION BASED ON THE TELEPHONE NUMBERS AND ADDRESSES FURNISHED TO FULLY IDENTIFY [REDACTED] AND DETERMINE IF ANY CRIMINAL RECORDS EXIST, IN AN EFFORT TO ASSIST LOS ANGELES IN ASSESSING THE ROLE OF [REDACTED] UAC, LEGAT WILL REQUEST [REDACTED] [REDACTED] TO IDENTIFY [REDACTED] AND THE COMPANIES WITH WHICH HE IS ASSOCIATED.

b6
b7C
b7D

BT

#0272

NNNN

RE: HQ/LA

DEPAR #0819 2671006

ZNR UUUUU

R 230900Z SEP 88

FM PARIS (163A-4034) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES (196A-4834) (WCC-1)/ROUTINE/

BT

UNCLAS

CITE: //5250//

RECEIVED
TELETYPE
UNIT

23 SEP 88 20 03

FEDERAL BUREAU
OF INVESTIGATION

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst Dir.	_____
Adm Servs.	_____
Crim Inv.	<u>RECEIVED</u>
Ident	_____
Insp.	_____
Intell	_____
Lab	_____
Legal Coun.	_____
Off Cong &	_____
Public Affs.	_____
Rec Mgnt.	_____
Tech Servs.	_____
Training	_____
Off Liaison &	_____
Int Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

SUBJECT: AKA, ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

RE PARIS TELETYPE (163A-4034), DATED SEPTEMBER 8, 1988 AND
PARIS TELETYPE (196-0), DATED SEPTEMBER 14, 1988.

FOR INFORMATION OF BUREAU AND LOS ANGELES, AMERICAN EMBASSY
LUXEMBOURG VIA THEIR CABLE NO. 1314, DATED 9/21/88 ADVISED THAT
HOTEL RESERVATIONS HAVE BEEN MADE AS FOLLOWS:

FOUR SINGLE ROOMS - HOTEL PULLMAN LUXEMBOURG - FROM OCTOBER
13 TO OCTOBER 18, 1988, ADDRESS: PLATEAU DU KIRCHBERG, TELEPHONE
(352) 43-77-61, COST OF SINGLE ROOM: FLUX 2,400 (APPROXIMATELY

196-8198-6

OCT 11 1988

RECEIVED FBI

RELAYED TO

cc-OLIA

16 MAY 16 1989

PAGE TWO DE PAR 0819 UNCLAS

\$60.00.

BT

#0819

NNNN

1 - Mr. [redacted]
1 - Mr. [redacted] Room 3841
(sent direct w/enc.)

SAC, LOS ANGELES (196A-4834) (WCC-1)

12/16/88

DIRECTOR, FBI (196-8198)



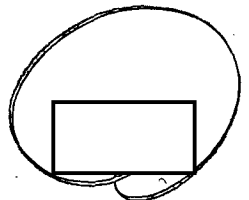
dba

b6
b7C

COMMERCIAL ACCEPTANCE CORPORATION (CAC),
411 WEST 7TH STREET,
LOS ANGELES, CALIFORNIA; ET AL
FBW; MF; ITSP
OO : LOS ANGELES

Enclosed are two copies of the translation requested in
Legat, Bern airtel dated 10/18/88.

The foreign-language material is forwarded herewith.



MAILED 21

DEC 16 1988

FBI

Enclosures (5)

196-8198-7

1 - Legat, Bern (196A-302) Enclosures (2)

12 DEC 22 1988



(6)

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

ENCLOSURE

16

DATA
Rm 7146
M

MAIL ROOM

SUMMARY TRANSLATION FROM GERMAN

Following the handdrawn in the foreign-language material, there appears a brochure, distributed by AAEP Management, entitled

CAPTIVE COMPANIES
A Modern Instrument In Risk Financing

8 Questions

8 Answers

The table of contents for the brochure is as follows:

INTRODUCTION

1. WHAT IS A CAPTIVE COMPANY?
2. WHAT IS A CAPTIVE COMPANY USED FOR?
3. HOW LARGE MUST AN ENTERPRISE BE FOR SETTING UP A CAPTIVE COMPANY?
4. AND THE INSURER?
5. WHAT DOES A CAPTIVE COMPANY OFFER?
6. HOW DOES A CAPTIVE COMPANY OPERATE?
7. HOW DOES AN ENTERPRISE ARRIVE AT A CAPTIVE COMPANY?
8. AAEP MANAGEMENT AND CAPTIVE COMPANIES?

APPENDIX

In the introduction, the brochure informs the reader that in the matter of risk financing, companies amazingly and still almost exclusively rely on insurance. According to the text, it is difficult to understand why a firm places so little emphasis on risk management in its budget. Closer analysis will show that expenditures attain a breadth that merits better handling-- something attainable through captive companies, which save money and allow the firm to capitalize on opportunities.

Chapter 1 is translated in full:

"A captive company is defined as follows:

'It is taken to be a 100% subsidiary of an enterprise, having been founded for the purpose of handling risk financing (insuring) for the parent company and its subsidiaries.'

A captive company is self-insurance tailored to suit the needs of the enterprise.

Language Services Unit
FBIHQ Room 3505 TL# 241

DECEMBER 15, 1988

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A large portion of the resources to be expended in risk financing flow back to the parent company and remain at its disposal. The enterprise shares in the insurance profits and controls the often considerable investment volume from reserves."

A captive company is used for risks that are not "worthy of insuring" because they can be dealt with more favorably and efficiently through financing from within; for risks that, according to the insurance industry, cannot be insured (moral commitments, share of the market, etc.); risks that can be insured only under very restrictive conditions and with prohibitive premiums (professional and product liability, etc.); and, risks that have a favorable claims outcome and in which a person wishes to have a share.

The question of how large an enterprise needs to be for setting up a captive company cannot be answered briefly. Often a premium total of 1 million francs is involved, but there are instances in which captive companies are successfully set up when a premium volume of as low as 200,000 francs is involved.

Even today, many insurers are against captive companies, especially due to the fear of premium losses, when what they should be thinking of is the optimal plan for their insured client. However, there are insurers who are not averse to the idea of captive companies.

A captive company is advantageous financially and economically and as regards risks and taxes. Among other things, this type of company helps to centralize insurance and provide control in the area of risk management; to reduce risk/premium costs and build up tax-privileged reserves; to concentrate resource management and diversify. It also offers a tax advantage involving the premiums paid to the company.

The section on how a captive company operates is translated in full:

"Building up reserves and insuring from within are possible in every country and are problem-free, providing that a sound and well organized risks policy is in effect. However, tax deductibility is not a guaranteed occurrence in most cases, and insuring from within is uninteresting for this reason. These disadvantages can be avoided by means of a captive company.

In various countries, nonadmitted insurance-- that is, direct insurance via the captive company-- is not allowed. As such, it is quite often necessary to set the captive company up as a reinsurance company. Through a fronting company (a local insurer), local laws are taken into account, and this also makes it possible to have things looked after locally.

Normally, an insurance contract (fronting contract) is closed with a licensed firm. This firm then has itself reinsured by the captive company. In this way, the premiums, which can be given consideration for tax purposes, have flowed back into the firm's own company and are available to it for investing (cash flow)."

The brochure recommends that the decision on whether to set up a captive company be reached through consultation with a neutral expert in the field. In the brochure, AAEP Management touts itself as being the only fully independent consulting firm in Switzerland in the area of captive companies.

The appendix is translated in full:

"Captive companies worldwide (1984)

Number of companies:	approximately 2,000
Volume of premiums :	approximately 18 billion francs
Assets :	approximately 23 billion francs

European captive companies : approximately 350

Several Owners of Captive Companies :

3M
Ciba Geigy
ICI
Dow Chemical
Electrolux
Ford
Shell
Swissair
Hoffman La-Roche
etc. "

SSP

VZCZCBER0484

CLASS

SRC'D

SER

REC

RECEIVED

RR HQ LA PAR

DE BER #0484 2770859

ZNR UUUUU

30 OCT 1988

R 030945Z OCT 88

FM LEGAT BERN (196A-302) (P) FBI
U.S. DEPT. OF JUSTICE

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES (196A-4834) (WCC-1)/ROUTINE/

INFO LEGAT PARIS (163A-4034)/ROUTINE/

BT

UNCLAS

CITE: //5550//

PASS: HQ FOR CID, WCC SECTION.

SUBJECT: [REDACTED] DBA COMMERCIAL ACCEPTANCE

CORPORATION (CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA;

ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

RELATELS DATED JUNE 6, 1988 AND AUGUST 16, 1988; BERTELS
DATED JUNE 10, 1988 AND AUGUST 9, 1988.

LEGAT, BERN HAS RECEIVED A RESPONSE FROM [REDACTED] TO THE
REQUEST SET FORTH IN LOS ANGELES TELETYPE JUNE 6, 1988. THE

Chief	
Adm.	
Inv.	
Intell.	
Legal	
Logistics	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Off. Liaison	
Ext. Affs.	
Telephone Rm.	
Director's Sec'y	

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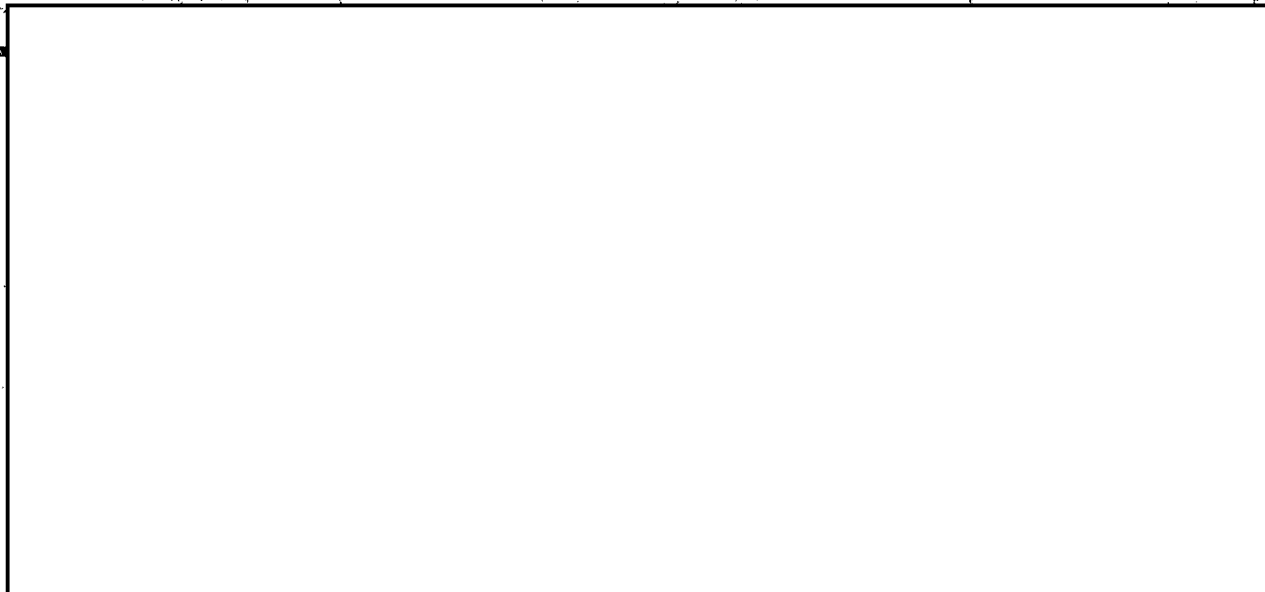
196-8198-8

OCT 25 1988

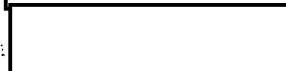
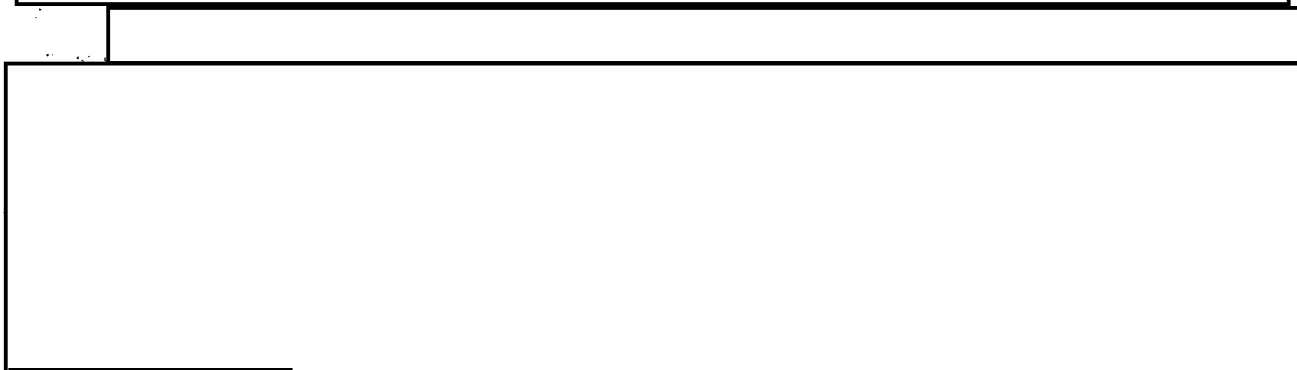
b6
b7C

6- [REDACTED]

LA PAR
RELAYED TO:




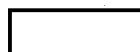
b6
b7C
b7D



HAD NO PREVIOUS REFERENCES OR COMPLAINTS

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b7C
b7D

INVOLVING  OR HIS COMPANIES.



IS DESCRIBED AS FOLLOWS:

BORN



EMPLOYED AS

[REDACTED] RESIDING AT [REDACTED]

[REDACTED] DOING BUSINESS AS [REDACTED]

b6
b7C

[REDACTED] IRI REINSURANCE IN LIECHTENSTEIN TO

ACT AS A "CAPTIVE COMPANY" TO ARRANGE A REINSURANCE POOL ON
BEHALF OF BUSICORP IN LUXEMBOURG, WHICH WAS TO INSURE AND MANAGE
THE ISSUANCE OF SURETY BONDS BY CAC IN CALIFORNIA.

LEGAT WILL SUBMIT COPIES OF [REDACTED] REPORTS AND
OTHER DOCUMENTS FURNISHED BY [REDACTED] TO [REDACTED] BY COVER
AIRTEL TO FBIHQ AND LOS ANGELES. ONE COPY WILL BE SENT TO
LANGUAGE SERVICES UNIT (LSU) FOR TRANSLATION AND A COPY WILL BE
SENT TO LOS ANGELES FOR USE UNTIL RECEIPT OF TRANSLATION FROM
LSU.

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b7D

BT

#0484

NNNN

Rev. 5-19-82
Memorandum

SSR

CLASS
SRC'D
SER
REC

To : Director, FBI ()

Date: 8/29/88

From : Legal Attache, BERN

(196A-302)(P)

Subject:  ET AL

FBW; MF; ITSP
OO: LOS ANGELES

Reference: Los Angeles teletype dated 6/6/88.

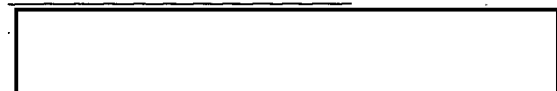
Dissemination, as outlined below, was made on dates indicated.

☐ _____ copies of.

☒ Pertinent information from referenced communication.

Name and Location of Agency

Date Furnished



8/29/88




8/29/88

196-8198-

NOT RECORDED

11 SEP 19 1988

2 - Bureau
1 - Bern


(3)

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FBI/DOJ

VZCZCPAR0842

RR HQ LA

SSP DE PAR #0842 2721439

CLASS
SRC: ZNR UUUUU

SER
REC R 281300Z SEP 88

RECEIVED
TELETYPE
UNIT

28 SEP 88 15 37

FEDERAL BUREAU
OF INVESTIGATION

RECEIVED
FBI

SEP 28 9 02 PM '88

CRIMINAL INVESTIGATION
DIVISION

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Off. Liaison & Int. Affs.	
Telephone Rm.	
Director's Sec'y	

FM PARIS (163A-4034) (P)

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES/ROUTINE/

BT

UNCLAS

CITE: //5250//

SUBJECT: [REDACTED] AKA, ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

RE PARIS TELETYPE (163A-4034), DATED SEPTEMBER 23, 1988.

WE HAVE RECEIVED A CABLE FROM U.S. EMBASSY LUXEMBOURG
CONFIRMING THE AVAILABILITY OF [REDACTED] AND [REDACTED] FOR THE 17TH AND
18TH OF OCTOBER FOR INTERVIEW IN THE EMBASSY.

LEGAT TALKED THIS DATE WITH [REDACTED]

[REDACTED] AND WE HAVE APPOINTMENT WITH HIM

THURSDAY MORNING AT 10:00 A.M. ON THE 13TH. IF LOS ANGELES

DESIRES ANOTHER TIME FRAME, PLEASE ADVISE LEGAT, PARIS.

RECEIVED
OCT 10 1988

285 53

RECEIVED-EST

RELAYED TO:

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PAGE TWO DE FAR 0842 UNCLAS

BT

#0842

NNNN

HQ

~~HQ SORRY THAT TOOK SO LONG~~

~~DID YOU RECEIVE MY TEL~~

VZCZCFAR0429

RR HQ LA BER

DE PAR #0429 1871527

ZNR UUUUUU

R 051450Z JUL 88

FM PARIS (163A-4034)(P)

TO DIRECTOR, FBI ROUTINE

TO FBI, LOS ANGELES. (196A-4834)(WCC-1) ROUTINE

TO LEGAT, BERN (196A-302) (INFO) ROUTINE

BT

UNCLAS

[REDACTED] DBA COMMERCIAL ACCEPTANCE CORPORATION

(CAC), 411 W. 7TH STREET, LOS ANGELES, CALIFORNIA; JOHN C. ELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER ENTERPRISES, INC., SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS ANGELES, CALIFORNIA; BUSICORP SA, SARL; IRS REINSURANCE, LUXEMBOURG; FBW; MF; ITSP; OO: LOS ANGELES.

RE LOS ANGELES TEL, 6/6/88.

BY TELETYPE RECEIVED AT LEGAT, PARIS ON 6/30/88, U.S.

EMBASSY, LUXEMBOURG ADVISED AS FOLLOWS:

[REDACTED]

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgmt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison & Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

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[Handwritten signature]

196-8198-10

JUL 28 1988

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[REDACTED]

6

DEC 6 1989

[REDACTED]

[Handwritten notes and signatures]

PAGE TWO DE PAR 0429 UNCLAS

[REDACTED]

[REDACTED] EMPHASIZED THAT ANY INFORMATION
RECEIVED [REDACTED] WOULD NOT NECESSARILY HAVE LEGAL
BASIS FOR USE IN COURT.

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[REDACTED]

LEGAT, PARIS REEMPHASIZES THAT AS SPECIFIED ABOVE
INFORMATION OBTAINED FROM [REDACTED] CANNOT BE USED IN COURT, BUT
THE INTERVIEW OF [REDACTED] COULD BE, SUBJECT TO HEARSAY
PROBLEMS.

FBI LOS ANGELES SHOULD PROVIDE PARIS WITH DIFFERENT SETS OF
PROPOSED DATES FOR TRAVEL OF FBI LA SPECIAL AGENT TO LUXEMBOURG
DURING AUGUST OR SEPTEMBER, 1988.

BT

#0429

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VZCZCBER0380

RR HQ LA PAR

DE BER #0380 2220752

ZNR UUUUU

R 090845Z AUG 88

FM LEGAT BERN (196A-302) (P)

TO DIRECTOR ROUTINE

ST FBI LOS ANGELES (196A-4834) (WCC-1) ROUTINE

L LEGAT PARIS (163A-4034) (INFO) ROUTINE

BT

UNCLAS

[REDACTED] DBA COMMERCIAL ACCEPTANCE CORPORATION

(CAC), 411 WEST 7TH STREET, LOS ANGELES, CALIFORNIA; JOHN C. ELLSWORTH, DBA DESERT MARVEL LTD., DENNIS WAGNER ENTERPRISES, INC., SULTANA HOLDINGS, U.S. COAL CORPORATION, LOS ANGELES, CALIFORNIA; BUSICORP SA, SARL; IRS REINSURANCE, LUXEMBOURG; FBW; MF; ITSP; OO: LOS ANGELES.

RELATEL DATED JUNE 6, 1988; AND BERTEL DATED JUNE 10, 1988.

[REDACTED] HAVE REQUESTED THAT SUBJECTS OF THIS INVESTIGATION BE FULLY IDENTIFIED IN ORDER THAT THEY CAN CONDUCT PROPER CHECKS OF AVAILABLE RECORDS ON OTHER THAN

196-8198-

32 AUG 17 1988

6- [REDACTED] RELAYED TO

LA Par

abp

RECEIVED
TELETYPE UNIT
9 AUG 88 09 40Z
FEDERAL BUREAU
OF INVESTIGATION

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Off. Liaison & Int. Affs.	
Telephone Rm.	
Director's Sec'y	

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NAME ONLY.

LOS ANGELES IS REQUESTED TO FURNISH DATE AND PLACE OF BIRTH AND CITIZENSHIP TO THE EXTENT POSSIBLE FOR CAPTIONED SUBJECTS AS WELL AS IF THIS INFORMATION IS NOT AVAILABLE, PLEASE SO ADVISE.

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LOS ANGELES IS ALSO REQUESTED TO CONFIRM THAT FIRM NAMES IN TITLE OF THIS CASE ARE U.S. LOCATED FIRMS. IT IS NOTED THAT IN LOS ANGELES TELETYPE DATED JUNE 8, 1988, TITLE CARRIES COMPANY AS "IRS REINSURANCE, LUXEMBOURG." WHEREAS THROUGHOUT TEXT OF TELETYPE, FIRM NAME IS GIVEN AS "IRI REINSURANCE." LOS ANGELES PLEASE ADVISE CORRECT VERSION OF NAME.

BT

#0380

NNNN

CLASS
SEC'D
SER
REC

June 9, 1988

MEMORANDUM

TO: SAC, LOS ANGELES (196A-4834) (WCC-1)

FROM: DIRECTOR, FBI (N196-8160)

SUBJECT: ET AL

FBW; MF; ITSP;
OO: LOS ANGELES

Enclosed are the translations requested in your
airtel dated 3/28/88.

The foreign-language material is being returned
herewith.

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Enclosures (60)

(5)

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM

12 JUN 17 1988

196-8198-12
~~196-8160-1X~~

TRANSLATION FROM FRENCH

LIST OF PERSONS ATTENDING THE REGULAR STOCKHOLDERS'
MEETING ON MARCH 29, 1987, OF BUSICORP S.A., WITH
HEADQUARTERS AT HOWALD
AT 5:00 P.M.

J. C. Ellsworth

Number of shares : 359

Date: March 29, 1987

Signature: (signed) illegible

Signature by proxy: Declaration that
he is the sole owner

[Redacted]

Number of shares: [Redacted]

Date: [Redacted]

Signature : (signed) illegible

Signature by proxy:

The President: (signed) illegible

The Secretary: (signed) illegible

Member of the Executive Committee: (signed) illegible

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(HANDWRITTEN:)

TRANSLATED BY :

[Redacted]

6/9/1988

[redacted]
We had the list signed
after [redacted]
declaration that he is
the owner. We held the
stockholders's meeting
in Luxemburg.

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(signed) illegible,

TRANSLATION FROM FRENCH

(Letterhead of "BUSICORP, S.A.," 12, Ceinture des Rosiers, Howald, Luxembourg)

Luxemburg, December 24, 1986

STATEMENT, RECEIPT AND EXONERATION

I, the undersigned, J. C. Ellsworth, currently a stockholder owning 359 share of stock of BUSICORP, S.A., company, declare having received as an account toward the liquidation of BUSICORP, S.A., company, the following securities:

100,000 shares of stock of INTERVIDEO

2,500 shares of stock of DENIS WAGNER

ENTERPRISE

5 shares of stock of COMMERCIAL ACCEPT.

CORPORATION

500,00 shares of stock of APPLE VALLEY

for a total value of 9,080,000 Luxembourg francs (nine million eighty thousand Lux. francs),
as well as the sum of 3,800,00 (three million eight hundred thousand Lux. francs),
of which I hereby acknowledge receipt.

I also declare having received the appropriate number of shares of stock.

signed (J. C. Ellsworth)

Chairman and Main Stockholder

(In English) Mr. Ellsworth declares to be fully aware and in accordance with the French text.

TRANSLATION FROM GERMAN

CHRONOLOGICAL PRESENTATION

Subject: Text prepared by:

Messrs. [] and []
on the one hand

and

Busicorp, S. A., Commercial Acceptance
Corporation, Los Angeles, Mr. John C.
ELLSWORTH and [] on the
other hand

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On December 18, 1984, BUSICORP company was established as a joint stock
company (limited) under Luxemburg law, with [] as the Managing
Director.

The purpose of the company was to take care of managements and
administrations in accordance with clients' instructions.

On August 14, 1985, the company was changed into a corporation - as shown in
document 4497 of Notary Public SECKLER - and acquired by Mr. John C.
ELLSWORTH who assumed the duties of Chairman of the Board of Directors - as
shown in the previously mentioned notarized document.

On April 29, 1986, action was taken - cf. notarized document 5398 - to increase the capitalization of the corporation and [] acting as representative of Mr. John C. ELLSWORTH and on his behalf, presided over the capitalization increase. As the stock book shows, the shares of the increase were issued as "shares to the bearer" (cf. stock book, page 4, April 29, 1986, entry) and given to []

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Subsequently, on a date they no longer recall, [] and [] were repeatedly advised telephonically and by written indications - which are apparent in the correspondence attached hereto - that Mr. John C. ELLSWORTH's shares of stock had been given by [] to Mr. John C. ELLSWORTH in a proper and due fashion. [] continued to discharge duties as managing director along with Messrs. John C. ELLSWORTH, [] and [] (cf. notarized document 5398 of April 29, 1986), assuming the title of "delegated managing director." The necessity for this arrangement arose for no other reason but the fact that the business authorization of the Ministry for Medium-Size Enterprises of November 18, 1985, contained the following requirement: "This authorization is valid only if the management is assumed by []"

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This being the situation, [] was required to take his instructions from the sole stockholder of BUSICORP, S.A., Mr. John C. ELLSWORTH.

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According to his instructions, [] undertook acts (for example, payments of moneys), which fell within the purview of his duties.

The events which will be described below caused [] to give up the management of the affairs of BUSICORP. Since the BUSICORP business authorization was contingent on [] person and Mr. John C. ELLSWORTH had not named his successor, [] took steps to liquidate the company and the procedure was started on December 24, 1986, and concluded on September 23, 1987, when the liquidator affixed his signature to the proper documents (cf. stock book, page 4).

According to the attached statement of the sole stockholder and chairman of BUSICORP, Mr. John C. ELLSWORTH, the company capital was managed and payments

were made out of it quite properly.

BUSINESS ACTIVITIES OF BUSICORP AND DEVELOPMENTS WHICH LED TO THE LIQUIDATION OF THE COMPANY.

Messrs. [] and John C. ELLSWORTH became acquainted with one another more or less in March of 1985.

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Mr. ELLSWORTH introduced himself as the representative of Commercial Acceptance Corporation and by way of showing how serious he and his Commercial Acceptance Corporation (CAC) were presented a copy of a certified balance sheet for 1983 and 1984, with the 1984 figures showing assets in the order of 36,567,327. -- US dollars.

Also the appearance and business attitude of Mr. ELLSWORTH were very "noble and convincing," so that at no time there ever arose any doubt as to Mr. ELLSWORTH's seriousness.

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When Mr. ELLSWORTH learned that [] and [] had both attended and graduated from banking school and that [] was active in the insurance business, he told them that he was in Luxemburg for the purpose of exploring the possibility of establishing an insurance company which could be active in the reinsurance business.

Since he (Mr. ELLSWORTH) was not familiar with the requirements to be met in Europe, he outlined a plan which proposed the creation of an administrative company in Luxemburg in which Messrs. [] and [] would be member of the board and managing director. This company was supposed to be his (John ELLSWORTH's) foothold in Europe from which accruing expenses could be met. Such a company would also make for easier communications between the USA and Europe.

[] proposed then that Mr. ELLSWORTH acquire his own small company.

(BUSICORP S.A.R.L.) which already existed. Mr. ELLSWORTH was agreeable, but felt that the capitalization of the company was much too small for the job. [] suggested that the company be changed to a corporation. Precise information as to the time it took for the status change and the capitalization increase has been provided above.

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As the attached correspondence shows time and again, Messrs. [] and [] put forth unstinting efforts and spent countless hours to present Mr. ELLSWORTH and his partners with a feasible proposition for the establishment of a respectable reinsurance agency.

Among other things, they enlisted the help of AAEP Management AG in Vaduz. [] held conversation with knowledgeable persons of the reinsurance business.

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As is abundantly apparent in the November 22, 1985, memorandum and in other items of correspondence between BUSICORP and CAC, Messrs. [] and [] constantly reminded Mr. John C. ELLSWORTH and CAC that the prospected agency, capable of guaranteeing sureties and of reinsuring itself, had to depend on a capitalization of at least 1 million dollars (November 1985 rate of exchange). By the same token, it was pointed out - as is clearly shown in the correspondence - that the establishment and operation of such an agency were subject to the observance of state rules and regulations and, also, to an approval procedure. It was underscored that such legal rules and regulations are particularly enforced in Luxemburg. Concerning the legal requirements in Liechtenstein, [] sought the advice of representatives of AAEP Management, Vaduz, particularly [] who received a consultation fee of 50,000.-- Swiss francs. (Cf. correspondence and bookkeeping records).

Telephone contacts with Mr. ELLSWORTH became more and more sporadic from June to October 1986, until in early October Mr. ELLSWORTH asked [] to go to London in his behalf to attend a meeting concerning BUSICORP.

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[] went to London and met with [] and the latter's secretary, []

[redacted] gave [redacted] a number of promissory notes in the amount of a few million US dollars, along with written instructions that the promissory notes were to be discounted to BUSICORP. He [redacted] mentioned that the matter involved a total financing plan he and Mr. ELLSWORTH had developed to create an entertainment park in California. Incidentally, [redacted] mentioned that he would also bring insurance guarantees for the promissory notes.

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Upon his return from London, [redacted] contacted a business friend of his, [redacted] c/o METAL RECOVERY SYSTEMS, S. A., rue de Capellen, 8279 HOLZEM/LUXEMBURG, Telephone number (00352) 38720-21, because he knew that [redacted] had business connections in the Arab world. Since the promissory notes were not in conformity with international standards and since for the notes to be discounted it was all important to have adequate insurance, [redacted] and [redacted] flew together to London toward the end of October. More talks were held with [redacted] and [redacted] and on this occasion [redacted] showed a number of printed insurance certificates of IRI of Vaduz, Liechtenstein. This company had been established with a minimum capital of 50,000 Swiss francs on a suggestion of the above-mentioned AAEP Management. [redacted] lost no time in showing his dismay and making it abundantly clear that issuance of such bonds was illegal. The witnesses are [redacted]

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Immediately after his [redacted] return to Luxemburg, [redacted] started an investigation within the realm of his possibilities and found out that so-called deficiency guarantees had been issued, apparently from the USA (by John C. ELLSWORTH ?) and CAC, not only in the name of IRI, but also in the name of BUSICORP. This prompted an immediate relinquishment of his managerial position by [redacted] and/or the beginning of the liquidation proceedings of IRI and BUSICORP.

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[redacted] is not in a position to exclude - and there are good indications in this respect - that the above-mentioned American side may have issued unjustified guarantees not only during the time in which BUSICORP was in

existence, but also after the liquidation thereof, despite the fact that the members of the board issued a statement in writing that BUSICORP was not responsible for any commitments other than those appearing on the balance sheet.

This document was prepared on November 3, 1987, in Luxemburg, to the best of my knowledge and belief.

[Redacted]

(unsigned)

[Redacted]

(illegible signature)

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TRANSLATION FROM GERMAN

MEMORANDUM

from [redacted]
to Attorney [redacted]

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Subject: Our conversation of Friday, November 13, 1987

Reference: [redacted] matter

After a detailed study of the Sworn Statement and Affidavit of February 6, 1987, the following remarks and observations are in order:

1) [redacted] claims to be the owner of 80 percent of BUSICORP stock. The fact of the matter is that [redacted] and myself had turned over the shares made out to bearer to [redacted] and that shortly thereafter (i.e. after [redacted] return to the USA), Mr. John ELLSWORTH confirmed to me over the telephone that the shares had been given to him by [redacted] in quite an orderly fashion. Moreover, in the USA ELLSWORTH gave me the entire packet of shares for me to turn them over to the notary public for the liquidation of the company. The onus of proving how John ELLISWORTH came in possession of the entire packet of shares rests without question with [redacted]

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2) [redacted] stated that he was under the impression that BUSICORP was a bonding company in good standing. I never made such a statement, as all the existing correspondence will prove. The truth of the matter is that general exploratory talks with reinsurance specialists were conducted at Vorfeld and

that from the very beginning it was emphasized that status as a bonding company requires approval by the authorities and that the capitalization has to be considerably higher. This was repeated time and again orally as well as in writing. If [] had knowledge of the fact that over 10 million dollars' worth had been issued in the form of bonds, he has already committed a violation by having knowledge of the fact that certain basic conditions had not been met.

It can only speak in my favor that as soon as I found out that bonds had been issued, I advised [] of their illegality. The unmistakable findings that the signatures were forged should have prompted [] to take legal civil and criminal action without a moment's delay against the American persons and entities who had brought into circulation the bonds in question. It is amusing to note, however, that they appear to be firms in which [] had an interest and enjoyed the power of signature.

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If [] signed a bond only as a witness, the fact remains that he must have been present when the bond was issued and signed. Since it has been established in the presence of witnesses (quite plainly for anyone who was there as an observer) that my signature is a forgery - and a bad one at that - [] must have been present when the forgery was perpetrated. It is not the first time that an accomplice takes to flight before the deed is consummated and files a criminal report to divert suspicion from himself and start the obstruction maneuver that leads to abatement of his own guilt.

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It is true that [] signed blank roll call lists for the minutes of the meeting. The latter items are in a sealed envelope that I am forwarding attached hereto.

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The attached (undated) Telex from Mr. John ELLSWORTH points out quite plainly that [] was in a "desolate" financial situation and that the famous "deed" apparently had come into [] possession quite illegally. As a matter of fact, Mr. John ELLSWORTH has provided an official telephone number in the USA where one can obtain information on [] activities for use in civil and criminal investigations.

It is only in this connection that it seems important to me to point out that [redacted] and [redacted] came to Luxemburg toward the end of January or early February for the purpose of finding out from me whether I was in a position to arrange a credit in the amount of about 200,000 US dollars for [redacted] activities. The reports were about oil and metal business. Furthermore, major credit was sought for Alaskan companies. Since this is not an area of business in which I am active, I called upon a business friend, [redacted] to take part in the talks, which were conducted the following day at the Novotel in Luxemburg. [redacted] arranged for [redacted] and [redacted] to get in touch with [redacted] who represented SEARS WORLD TRADE Company in London. [redacted] and [redacted] expressed appreciation for the contact and left for London to meet with [redacted]

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In London, it was learned that this kind of business is generally possible, but takes a long time to come to fruition. Messrs. [redacted]

[redacted] came back to Luxemburg and it was only after their return that all of a sudden the whole BUSICORP matter started "to roll." I cannot help but labor under the impression that [redacted] was in a catastrophic financial situation. Having found out that he could not borrow money or do a "quick piece of business," he came upon the idea of claiming money from BUSICORP, which led to the whole subsequent procedure.

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In support of this outline of the situation as it existed at the time, I am enclosing a statement by [redacted] with validity of a sworn affidavit.

signed (illegible)

TRANSLATION FROM FRENCH

(Letterhead of Busicorp, S. A., "in liquidation," 12 Ceinture des Rosiers,
Howald, Luxemburg)

Luxemburg, July 13, 1987

To:

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Dear

Having received your registered letters, we wish to inform you that we have no other relations with C A C except for those which were discussed at the time of our joint stay in the USA. It follows that the facts listed in your letter are pointless as far as the European side is concerned. On the other hand, we wish to let you know that Busicorp has been in receivership since the end of December 1986. For the sake of the proper procedure, we have sent a copy of your letter to Mr. Ellsworth J., 411 W 7th Street, L. A. (CA).

signed

TRANSLATION FROM FRENCH

BUSICORP, S. A.

Business for International Corporations, S. A.

A Corporation

Headquarters: Howald

Luxemburg Register of Commerce No. B 22.346

SPECIAL STOCKHOLDERS' MEETING

of December 24, 1986

No. 13,921

On the twenty-fourth (24th) of December, nineteen hundred and eighty-six (1986),

Before Leon Thomas, Esq., also known as Tom Metzler, a notary public residing at Luxemburg-Bonnevoie,

in his Office at Luxemburg-Bonnevoie, 101, rue de Bonnevoie,

a special meeting was held of the stockholders of "BUSINESS FOR INTERNATIONAL CORPORATIONS, S. A., or "BUSICORP, S. A.," for short, with headquarters at Howald,

a company established as a joint-stock company with limited responsibility as per certificate received by Jean Seckler, Esq., a notary public residing at

Junglinster, on December 18, 1984, published in the Recorder, special series C, number 38 of April 2, 1985,

converted to a corporation as per certificate received by Jean Seckler, Esq., previously identified, on August 14, 1985, published in the Recorder, special series C, number 304 of October 22, 1985, as amended per certificate received by Jean Seckler, Esq., previously identified, on April 29, 1986, published in the Recorder, special series C, number 207 of July 22, 1986.

a company registered with the Commercial Registry of Luxemburg, Section B, number 22,346.

First Sheet

The meeting is declared open at eleven fifteen a.m. with [redacted] an administrator of companies residing in Luxemburg, in the chair.

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The chairman appoints [redacted] residing in Luxemburg, secretary

The meeting selects as a member of the executive board [redacted] director, residing at [redacted]

The stockholders whose names, first names, occupations and residences and/or home offices and companies' names are shown on the list of attendants compiled by the office are either present or duly represented.

The proxies mentioned in the list of attendants are vouched for by personal signatures.

The list of attendants and the proxies shall remain attached to these minutes after being signed "ne varietur" (no changes) by the members of the executive board and the officiating notary public.

The chairman sets forth and asks the recording notary public to place on record the following:

I. This meeting is for the purpose of dealing with the following agenda:

AGENDA

1) Dissolution of the company to become effective today and placing the company into receivership.

2) Appointment of a receiver.

3) Establishing the powers of the receiver.

II. There are at present three hundred and sixty shares of stock.

As shown in the list of attendants, all the shares of stock are either present or duly represented, so that the formalities of a convocation can be dispensed with.

III. The meeting can accordingly validly deliberate on the items placed on the agenda.

The above facts being recognized true and correct by the validating officer of the executive board, the meeting unanimously approved the following resolutions:

First Resolution:

The meeting resolves to dissolve the company as of this day and to place the company into receivership.

Second Resolution

The meeting resolves that the number of receivers shall be limited to one receiver. The meeting calls on previously identified, to be the sole receiver.

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Third Resolution

The meeting resolves to establish the powers of the receiver as follows:

The receiver shall have the powers called for under Articles 144 and 148bis of the Law on Commercial Enterprises to the widest extent permissible. He shall be able to perform the duties of Article 145 without prior authorization of the stockholders' meeting whenever required.

The receiver shall have the power to exonerate the mortgage conservator from the requirement of registration; shall have the power to waive all real rights, privileges, mortgages, and resolutive acts; shall have the power to lift mortgages with or without payment, remove full or partial mortgage liens, transfers, seizures, attachments or any other liens.

The receiver shall be exempted from the obligation of an inventory and allowed to use the company's records.

The receiver shall be able, under his own responsibility, to delegate a portion of his powers to one or more persons in conjunction with specific special operations to the extent and for the length of time he deems appropriate.

The receiver shall have signature power for all receivership operations.

Nothing else being on the agenda, the chairman adjourned the meeting at

eleven thirty a.m.

The chairman declared that the company's capitalization is set at eighteen million francs (18,000,000).

Expenses, payments and charges incurred by the company for these proceedings are fairly and liberally estimated at sixty thousand francs (60,000).

THESE BEING THE MINUTES

maintained and recorded on the date and at the place shown above,

a reading and translation of the same took place in the language known to the attendants and the members of the executive board, all of them known to the recording notary public by name, customary first name, position and residence, who signed this document jointly with the notary public, no other stockholder having signified a desire to sign.

Second and last sheet

TRANSLATION FROM GERMAN

(Letterhead of "AAEP Management AG" Advanced Assets and Earnings Protection Management, a Joint-Stock Company - Städtle 22, Post Office Box 538, Vaduz 9490, Principality of Liechtenstein - Branch office at Beethovenstrasse 24, 8002 Zurich, Switzerland)

TO: BUSICORP



12, Centure des Rosiers

b6
b7C

L - Howald

Luxemburg

Zurich, September 17, 1986

Subject: Commercial Acceptance Corporation

Dear Sirs:

As we already discussed orally, for the time being it does not appear possible to come up with a conventional reinsurance solution for this project. This is also confirmed by the very latest research in the USA.

As was agreed upon at our last meeting, we have looked for other solution models. Enclosed herewith please find a proposal along these lines. This proposal is intended as a basis for discussion. Our work paper also includes a rough draft for a modified "bond wording." Finally, we also did some figuring in order to see what the proposal numbers would be if the directives of the proposal had been in effect since 1985.

We would appreciate your reaction after you have had a chance to examine the documents.

Sincerely yours,

AAEP Management AG
signed (illegible)

TRANSLATION FROM GERMAN

(Letterhead of "AAEP Management AG" Advanced Assets and Earnings Protection Management, a Joint-Stock Company - Städtle 22, Post Office Box 538, Vaduz 9490, Principality of Liechtenstein - Branch office at Beethovenstrasse 24, 8002 Zurich, Switzerland)

TO:

[REDACTED]

b u s i c o r p

12, Centure des Rosiers

L - Howald

Luxemburg

b6
b7C

Zurich, November 21, 1985

Very dear [REDACTED]

We have not spoken since October 17 of this year and I would be very glad to hear from you what progress has been made with your client's plans for a reinsurance company. I received the impression that implementation is within reach and I am ready to help with an advancement of the project either by a visit with you in Luxemburg or a joint trip to America.

Kindly let me soon know what today's situation is and your proposals for further progress. I am looking forward to further cooperation with you and remain

Sincerely yours,

signed

[REDACTED]

AAEP MANAGEMENT AG

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TRANSLATION FROM FRENCH

MINUTES

of the REGULAR STOCKHOLDERS' MEETING

of June 13, 1986

of BUSICORP, S.A., with main office at HOWALD

Let the record show that a totality of the shares (4900)* is duly respresented.

[redacted] was chosen as chairman of the Regular Stockholders' Meeting.

[redacted] was chosen as secretary.

[redacted] as member of the executive board.

[redacted] as member of the executive board.

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The following resolutions were adopted unanimously:

First resolution:

The meeting takes cognizance of the reports of the board of directors and of the auditor concerning the business year closed on December 31, 1985.

Second resolution:

The meeting approves the balance sheet and the P. P. account as of December 31, 1985, as prepared by the board of directors and submitted to the general meeting.

Third resolution:

The meeting finds no fault with the manner in which the administrators and auditors have discharged their duties during the past business year.

After a few exchanges of views, the chairman takes note of the fact that the meeting was opened in good time and fashion and that no further business is on the agenda, adjourning the meeting at 6:30 p.m.

signed (illegible)

signed (illegible)

signed (illegible)

signed (illegible)

*TRANSLATOR'S NOTE: The figure 4900 appears to be crossed out and replaced with a "22." A handwritten note at the bottom of the page possibly reads: "For stockholder ppal," suggesting that this copy of the document may have belonged to a stockholder owning 22 shares of stock.

TRANSLATION FROM FRENCH

(The printed text of the forms is bilingual - French and Flemish - the handwritten entries are in French)

Page 1

b6
b7C

STOCKHOLDER'S DESIGNATION

Last and First Name:

Occupation:

Address:

Date of Entry: (illegible)

Nature of Transaction (Underwriting, payment, transfer,

share conversion to securities to
bearer with their number):

Conversion to joint-stock company
with limited liability

Number of shares underwritten, transferred or converted: 81

Number of shares belonging to stockholder after

each transaction:

Consecutive number: 1-81

Amount underwritten:

Payment made: 4,050,000

Date of Entry: (illegible)

Nature of Transaction (Underwriting, payment, transfer,

share conversion to securities to

bearer with their number):

Sold to Mr. John C. Ellsworth

Number of shares underwritten, transfered or converted: 81

Number of shares belonging to stockholder after
each transaction:

Consecutive number: 1-81

Amount underwritten:

Payment made:

Conversion to shares to bearer:

signed (illegible)

VOID

September 23, 1987

signed (illegible)

STOCKHOLDER'S DESIGNATION

Last and First Name:

Occupation:

Address:

b6
b7C

Date of Entry: August 14, 1985

Nature of Transaction (Underwriting, payment, transfer,
share conversion to securities to
bearer with their number):
Conversion to joint-stock company
with limited liability

Number of shares underwritten, transferred or converted: 1

Number of shares belonging to stockholder after
each transaction: 1

Consecutive number: 82

Amount underwritten: 50,000

Payment made: 50,000

Number of certificates issued: 2

Signature of selling person and acquiring person:
(one or two illegible signatures)

Date of Entry: August 21, 1985

Nature of Transaction (Underwriting, payment, transfer,
share conversion to securities to
bearer with their number):
Conversion to shares to
bearer

Number of shares underwritten, transferred or converted: 1

Number of shares belonging to stockholder after
each transaction: 1

Consecutive number: 82

Amount underwritten: 50,000

Payment made: 50,000

Certificates issued: --

August 22, 1985

The Board of Directors certifies that the share of stock
bearing No. 82 (consecutive number) has been issued.

signed (illegible)

signed (illegible)

signed (illegible)

A. G. E. September 23, 1987

signed (illegible)

STOCKHOLDER'S DESIGNATION

Last and First Name: ELLSWORTH John C.

Occupation: Director

Address: Skyhill Drive, Los Angeles, USA

Date of Entry: August (?), 1985

Nature of Transaction (Underwriting, payment, transfer,

share conversion to securities to
bearer with their number):

Purchase of shares of stock from

[REDACTED]

Number of shares underwritten, transferred or converted: 81

Number of shares belonging to stockholder after

each transaction: 81

Consecutive number: 1-81

Amount underwritten: 4,050,000

Payment made: 50,000

Number of certificates issued:

Signature of selling person and acquiring person:

(two illegible signatures)

Date of Entry: August (?), 1985

Nature of Transaction (Underwriting, payment, transfer,

share conversion to securities to
bearer with their number):

Conversion of 77 shares of stock to
shares to bearer

Number of shares underwritten, transferred or converted: 77

Number of shares belonging to stockholder after

each transaction: 4

Consecutive number: 1-482

Amount underwritten: 3,850,000

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Payment made:

Certificates issued:

Signature of selling person and acquiring person:

(one illegible signature)

August (?), 1985

The Board of Directors certifies that the share of stock
made out to bearer No. 82 (consecutive number) has been issued.

signed (illegible)

signed (illegible)

signed (illegible)

A. G. E. September 23, 1987

signed (illegible)

STOCKHOLDER'S DESIGNATION

Last and First Name:

Occupation: Businessman

Address:

Date of Entry: April 29, 1986

Nature of Transaction (Underwriting, payment, transfer,
share conversion to securities to
bearer with their number):
Underwriting

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Number of shares underwritten, underwritten, transfered or converted: 278

Number of shares belonging to stockholder after
each transaction: 278

Consecutive number:

Amount underwritten: 13,900,.000

Payment made:

Number of certificates issued:

Signature of selling person and acquiring person:

signed

Date of Entry: April 29, 1986

Nature of Transaction (Underwriting, payment, transfer,
share conversion to securities to
bearer with their number):
Conversion to shares to bearer

Number of shares underwritten, transfered or converted:

Number of shares belonging to stockholder after

each transaction:

Consecutive number:

Amount underwritten:

Payment made:

Certificates issued:

Signature of selling person and acquiring person:

signed

The Board of Directors certifies that 278 shares of stock
have been issued.

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signed (illegible)

signed

signed John E. Ellsworth

V O I D

A. G. E. September 23, 1987

The Liquidator

signed (illegible)

TRANSLATION FROM FRENCH

(Letterhead of "BUSICORP, S.A.," 12, Ceinture des Rosiers, Howald, Luxemburg)

Luxemburg, May 13, 1987

To: WINTERTHUR INSURANCE
Reinsurance Department

Post Office Box 286
8401 Winterthur, Switzerland

Attention:

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Dear

With reference to our telephone conversation of May 11, 1987, I am sending herewith a copy of the notarized document concerning the placing into liquidation, as of December 24, 1986, of the BUSICORP company, of which I have been put in charge by the American partners.

I will be grateful to you if you send me the documents in your possession. Following an examination and according to a statement of the

American administrators, there are no obligations as far as your company is concerned.

Being in liquidation, the company no longer engages in commercial activities and there are no more contracts in force.

With our thanks in advance, we extend best regards.

BUSICORP, S.A.

signed (illegible)

Liquidator

Enclosure

TRANSLATION FROM GERMAN

COMMERCIAL REGISTER OF THE PRINCIPALITY OF LICHTENSTEIN,
VADUZ

Page: 1

Brought forward from:

Dissolution Date: June 23, 1987

Register Number: H. 735/80

Date of Entry: 8/21/86

Name of the Company: I R I Re-Insurance for
International Business,
Limited (in Liquidation)

Headquarters: Vaduz

Sales Agent: General Trust Enterprises, Vaduz

8/21/86

Date Established: August 21, 1986

Purpose: Negotiations to place and conclude re-insurance transactions, financial transactions, acquisition of interests in other enterprises and any other kind of legal transactions in connection therewith.

Capitalization: 50,000 Swiss francs, divided into 50 paid up shares to the bearer for 1,000 Swiss francs each.

Board of Directors: One or several members.

Authority to Sign: To be designated by the Board of Directors.

Notifications: In the forms prescribed by law.

Member of the board with single signature authority:

Edmund Erick, Kreuzstrasse 472, Balzers.

10/10/86

Member of the board with single signature authority.

[Redacted signature box]

John C. Ellsworth 411 7th Street, Suite 800,

Los Angeles, California, USA

12/16/86

Liquidation of the company according to
resolution dated December 15, 1986

b6
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Liquidator with single signature authority:

12, Ceinture des Rosiers, Suite
800, 2446-Howald, Luxemburg

6/23/87

Dissolution of the company upon completion
of liquidation

(Round stamp)

Certified Copy

Public Register Office

(Illegible) June 24, 1987

signed (illegible)

TRANSLATION FROM GERMAN

COMMERCIAL REGISTER OF THE PRINCIPALITY OF LICHTENSTEIN,
VADUZ

Page: 1

Brought forward from:

Dissolution Date: July 21, 1987

Register Number: H. 735/52

Date of Entry: 8/18/86

Name of the Company: The Three Merlons, Joint-Stock Company

Headquarters: Vaduz

Sales Agent: General Trust Enterprises, Vaduz

Date of Entry: 10/10/86

Name of the Company: Excess Surety Corporation, Limited
(in Liquidation)

Headquarters:

Sales Agent:

8/18/86

Date Established: August 18, 1986

Purpose: Commercial and financial transactions;

administration and valorisation of intangible
rights; purchase and sale of real estate;
management of estates and interests in other
businesses on its own account and on account
of third parties.

Capitalization: 50,000 Swiss francs, divided into 50
paid up shares to the bearer for 1,000
Swiss francs each.

Board of Directors: One or several members.

Authority to Sign: To be designated by the Board of
Directors.

Notifications: In the forms prescribed by law.

10/10/86

Amendment to the Bylaws according to resolution of the
stockholders' meeting of October 10, 1986,
concerning Article 1 (company name).

10/22/86

Member of the board with single signature
authority.

[Redacted]
[Redacted]

1/9/87

Liquidation of the company according to
resolution dated January 9, 1987

Liquidator with single signature authority:

[Redacted] Luxemburg

7/21/87

Dissolution of the company upon completion
of liquidation

(Round stamp)

Certified Copy

Public Register Office

(Illegible) July 22, 1987

signed (illegible)

b6
b7C

TRANSLATION FROM GERMAN

AAEP MANAGEMENT

[REDACTED]

Managing Director

BUSICORP

12, Ceinture des Rosiers

L. - Howald

Luxemburg

Zürich, May 23, 1986

Very dear [REDACTED]

Allow me first of all to cordially thank you again for your kind reception and hospitality in Luxemburg. The little episode will go down in history between us..

On the subject of the surety bonds we have discussed, I wish to confirm that AAEP is willing to accept the assignment. As far as the goal is concerned, a solution has to be found through insurance or reinsurance via Liechtenstein - that is, at least outside the USA - making it possible for the trustee to place the surety bonds required by law. I anticipate going about it in two stages:

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First Stage - A thorough investigation of the surety bond market situation, and specifically on the side of direct insurance. In this connection, it would be helpful if you were to furnish detailed information concerning the provisions of the law on surety bond requirements. I gathered from your statements that you have the precise text of the law somewhere among your papers.

Second Stage - It will be necessary to develop various contacts with reinsurance markets and look into the possibility of a treaty or of a pool. This second phase also calls for a detailed cost-versus-profit analysis.

As soon as this information is available, in my opinion, thought should also be given - in terms of middle-range planning - to the manner in which the idea will be ultimately marketed, in order to get the most profit, for all of us, out of this thing we are putting together.

I have given consideration to the kind of expenses we may have to incur in order to lay a useable and useful foundation. I have come to the conclusion that we will have to undertake a very costly activity of contacts, which, in part, should also be made abroad. Both of us have already found out that the prospects are very slim of finding a big reinsurer, so that we will be compelled to approach a large number of small ones to form some kind of pool. Concerning the fee, as we spoke earlier, the amount of about 100,000 francs has been mentioned. By way of advance payment and starting capital, I would suggest that you transfer 50,000 francs to our account number 100.161.2 with the Bank in Liechtenstein (BIL). These costs would include yesterday's trip to Luxemburg. They would also include all administrative costs and travel in Switzerland and Liechtenstein. As a rule, trips abroad are never included, and a separate invoice is submitted.

As for the expected time frame, I have already mentioned to you that I will be absent from the beginning of June until June 25, so that the activity can start upon receipt of the financing, that is to say, by the end of June.

I am looking forward to working with you and thank you for the trust you are

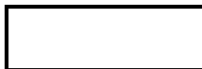
placing in us.

With friendly regards,

AAEP Management AG

signed (illegible)

typewritten



b6
b7C

TRANSLATION FROM GERMAN

(Letterhead of "BUSICORP, S.A.," 12, Ceinture des Rosiers, Howald, Luxemburg)

Luxemburg, December 30, 1985

TO: AAEP MANAGEMENT A.G.
Beethovenstrasse 24
8002 Zürich, Switzerland

Attn.:

Very dear

b6
b7C

the American investor, and also will pay you a visit during the week from January 19 to January 25, 1986, in order to clear up the final-touch formalities about the reinsurance. We would like to receive, prior to the visit, a preliminary outline of your management contract, so that we are in a position to discuss the matter at the same time.

Please send all your mail to: BUSICORP, S.A.

Post Office Box 2776
L - 1027 LUXEMBURG

With friendly regards and all the best for 1986

signed (illegible)

TRANSLATION FROM GERMAN

(Letterhead of "BUSICORP, S.A.," 12, Ceinture des Rosiers, Howald, Luxemburg)

Luxemburg, November 25, 1985

TO: AAEP MANAGEMENT A.G.

Städtle 22

Post Office Box 538

FL - 9490 VADUZ

Very dear [redacted] (sic):

For the time being, [redacted] is in the States. We have official word that the reinsurance will become a reality very shortly. We assure you that we are letting you handle almost exclusively all the formalities and remain,

with friendly regards,

signed (illegible)

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signed (illegible)

TRANSLATION FROM GERMAN

WORKING PAPER ON "CAC," COMMERCIAL ACCEPTANCE CORPORATION

1. AFTER IT BECAME APPARENT THAT A CONVENTIONAL SOLUTION, AS WAS ANTICIPATED AT FIRST, WAS NOT POSSIBLE AT THIS POINT IN TIME, CONSIDERATION COULD BE GIVEN TO THE FOLLOWING WAY TO GO ABOUT IT:

- (A) "IRI" (LIECHTENSTEIN) DETERMINES THE INTEREST AND PRINCIPAL SURETY BOND.
THE BONDS SHOULD HAVE A MAXIMUM FACE VALUE OF US\$ 3,000,000 AND MATURITY NOT TO EXCEED THREE YEARS.
- (B) THE INSURANCE PREMIUM RUNS AT 1.5 PERCENT OF THE FACE VALUE PER ANNUM UNTIL MATURITY, IS TO BE PAID IN ADVANCE AND IS "NONREFUNDABLE." IT IS A SO-CALLED DEPOSIT PREMIUM. AT THE END OF EACH YEAR A COMPUTATION IS MADE OF THE REAL DEFINITIVE PREMIUM, AS FOLLOWS:

DAMAGES PAID OUT DURING THE YEAR ARE MULTIPLIED BY A 1.15 DAMAGE MULTIPLICATOR FACTOR IN ORDER TO DETERMINE THE ACTUAL DAMAGE COST. THIS KIND OF COMPUTATION IS USED ONLY IN CASES OF DAMAGES NOT EXCEEDING US\$ 1,000,000.

THE DEPOSIT PREMIUM IS MULTIPLIED BY A .25 FACTOR IN ORDER TO COME UP WITH

THE PREMIUM BASE.

THE ACTUAL PREMIUM TO BE PAID IS COMPUTED BY ADDING THE DAMAGE COSTS TO THE PREMIUM BASIS, BUT CANNOT EXCEED THE DEPOSIT PREMIUM AS MULTIPLIED BY A 3.0 FACTOR.

(C)

IRI BUYS FROM A company still to be founded at the present time (TN's: Lower caps are used to show portion of text which is handwritten) THE "EXCESS SURETY CORPORATION" REINSURANCE. REINSURANCE PROTECTION AMOUNTS TO 75 PERCENT OF THE DAMAGES, BUT IS SUBJECT TO A SELF-DETERMINED STIPULATION OF US\$ 1,000,000 PER DAMAGE AND BOND. THE PREMIUM AMOUNTS TO 40 PERCENT OF THE DEPOSIT PREMIUM. ON THE OTHER HAND, THE "ESC" IS SUBJECT TO THE SAME FATE AS IRI. "ESC" COMMITMENTS ARE COVERED BY A SECURITY PLEDGE OF CAC.

(D)

A SERVICE COMPANY STILL TO BE FORMED (HEADQUARTERS IN LONDON), E.G., TRANSGLOBE SERVICES, PLACES THE CONTRACTS WITH IRI, ON THE ONE HAND, AND WITH ESC, ON THE OTHER, COLLECTING A FIFTEEN PERCENT COMMISSION FROM EACH. FOR THE SERVICES IT RENDERS CAC, IT RECEIVES A 2.5 PER THOUSAND FEE ON THE OUTSTANDING FACE AMOUNTS. AAEP IS ACTING AS CONSULTANT TO TRANSGLOBE AND RECEIVES A FEE EQUIVALENT TO ONE/THIRD OF THE COMMISSIONS

AND FEES.

(E) ALL THE AGREEMENTS CONCERNING IRI AND ESR,
THAT IS, THE WHOLE SETUP, MUST BE COUNTER-
SIGNED BY CAC. CERTAIN CHANGES NEED TO BE
MADE CONCERNING THE BOND (SEE PROPOSAL).

2. THE COMPUTATIONS ATTACHED HERETO ARE "AS IF" COMPUTATIONS BASED ON AN
ASSUMPTION THAT THE ABOVE AGREEMENTS HAVE BEEN IN EXISTENCE AS OF EARLY 1985.

IRI and ESC reserve the right to make changes. An English translation has
been prepared.

Accepted by CAC

IRI

ESC

(which will
be established)

COMMERCIAL ACCEPTANCE CORPORATION

CAC/11/986.2

411 WEST SEVENTH STREET, SUITE 700

LOS ANGELES, CALIFORNIA 9---4

illegible initials

signed (illegible)

signed (illegible)

TRANSLATION FROM FRENCH

BUSINESS FOR INTERNATIONAL CORPORATIONS, S.A.

"BUSICORP, S.A.," for short,

a limited company

headquarters: Howald

R. C. Luxemburg B 22 346

Closing of company liquidation

dated September 23, 1987

Number: 438/87

The year nineteen hundred and eighty-seven, on the twenty-third day of September,

Before Attorney Alphonse Lentz, a notary public residing at Remich,

a special stockholders' meeting was held of the stockholders of "BUSINESS FOR INTERNATIONAL CORPORATIONS, S.A." or "BUSICORP' S.A.," for short, with headquarters at Howald, a company established as a joint-stock company with limited liability, as per document prepared by Attorney Jean Seckler, a notary public residing at Junglinster, on Decemebr 18, 1984, published in the Official Gazette C, issue number 38, of April 2, 1985, converted to a corporation, as per document prepared by Attorney Jean Seckler on August 14, 1985, as amended in conformity with a statement received by Attorney Jean Seckler on April 29, 1986, published in the Official Gazette C, issue number 207, of July 22, 1986,

a company registered with the Register of Commerce of Luxemburg, Section B, entry number 22 346.

On the occasion of the special meeting held on December 26, 1986, whose minutes prepared by Attorney Tom Metzler, a public notary residing at Luxemburg-Bonnevoie, have been published in the Official Gazette C, issue number 78, of April 1, 1987, the company was placed in liquidation and [] [] residing at [] was appointed liquidator.

The session was declared open at 9:30 a.m., under the chairmanship of [] [] residing at []

who appointed as secretary: [] married to [] residing at []

The meeting chose as verifying and certifying officer [] [] residing at []

The stockholders whose names, first names, occupations and residences and/or company's names and headquarters locations are shown on the list of attendants prepared by the office are either present or duly represented at the meeting.

(The proxies mentioned in the list of attendants are over the handwritten signatures of the parties issuing the proxies) lz: (sic)

The proxies and the list of attendants shall be permanently attached to these minutes after the "ne varietur" (no changes) statement is affixed and signed by the members of the board and the certifying notary public.

The Chairman sets forth and asks the notary public to certify the following:

I. - This meeting shall deal with the following agenda:

A G E N D A

1. Liquidator's report.
2. Appointment of reporting officers.
3. Naming a date for a second meeting to hear the report of the reporting officers and pronounce the closing of the liquidation.

II. - There are at the present time three hundred and sixty shares of stock. From the list of attendants, it is apparent that all shares are present or represented, so that there is no need to show that the formalities of a convocation have been complied with.

III. - Accordingly, the meeting can legally proceed with the deliberations called for by the agenda.

The meeting deals with the agenda:

1. Liquidator's report:

liquidator, submits his report on the management and employment of the company's assets.

He submits to the office the accounts and support items.

2. Appointment of a verifying and certifying officer:

After due deliberation, the meeting appoints

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as officer in charge of verifications and
certifications, in accordance with the
requirements of Article 151 of the August 10,
1915, law on business enterprises, [redacted]
[redacted] residing at
[redacted] previously identified,
and asks him to submit a report on the
liquidator's handling of the liquidation.

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3. Naming the date for a second meeting:

It is decided that a second meeting shall be
held on
to deal with the following agenda:

1. Report of the verification and
certification officer;
2. Relieving the liquidator;
3. Closing the liquidation.

The meeting was adjourned.

These minutes ...

... were prepared and approved at Remich, in the office of the
notary public.

After a reading and clarification of the text of the minutes to
the participants, all of them known to the certifying notary public by name,
customary first name, occupation and residence, they all set their hand to
this document along with the notary public.

signed [redacted]

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A. LENTZ

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Registered at Remich, on September 28, 1987.

Volume 447, Folio 58, Cabinet 4

Received: One hundred francs (100 F.)

The Reciever

(signed) Delagardelle

THIS IS A TRUE COPY

prepared and issued at the company's request.

Remich, October 8, 1987

signed (illegible)

Stamp:

Alphonse Lentz

Notary Public

Remich

TRANSLATION FROM GERMAN

87-11-05 18:43 M.R.S. HOLZEM, LUXEMBURG (38721)

[REDACTED]

LIQUIDATION OF BUSICORP, S.A. and
IRI-INSURANCE FOR
INTERNATIONAL BUSINESS, S.A., VADUZ

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b7C

ZÜRICH INSURANCE COMPANY

Attn.: [REDACTED] and
[REDACTED]

Mythenquai
8000 ZÜRICH, SWITZERLAND

Holzem, November 5, 1987

Very dear Sirs:

This is in reference to your letter of October 30, 1987, No. 1301 CF/ei, whose contents I have duly noted. For the sake of keeping the record straight, I wish to inform you that my records show that the name of your company has never been publicized by BUSICORP.

In addition, I wish to also inform you that BUSICORP is now liquidated, and so is IRI Company. As far as I know, there has never been an "International Reinsurance of Luxemburg, Limited."

Within the scope of my activities as [redacted]
[redacted] I could not help but become aware that the US (American) owners of BUSICORP and IRI possibly misused the names of BUSICORP and IRI. In order to live up to my duties [redacted] I felt obligated to inform in this respect the Federal Bureau of Investigation in Santa Barbara, USA, attn.: Special Agent [redacted] pointing out possible certain suspicious circumstances.

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I have no knowledge of whether or not the FBI has undertaken an investigation. If in the future, there should be found other documents mentioning your name, I recommend that you get in touch with the above authorities.

With friendly regards,

(signed) illegible
(typewritten) [redacted]

TRANSLATION FROM FRENCH

Number 4497

CONVERSION TO A CORPORATION AND SPECIAL
STOCKHOLDERS' MEETING OF AUGUST 14, 1985

In the year nineteen hundred and eighty-five,
on the fourteenth day of August,
before Attorney Jean SECKLER, a notary public residing at Junglinster,

THERE APPEARED:

1. [redacted] residing at [redacted]
[redacted]
2. [redacted] residing at [redacted]
[redacted]

which appearing parties asked the notary public to certify the following:

That the appearing parties are the only partners in a limited company called "BUSINESS FOR INTERNATIONAL CORPORATIONS, S. à r. l." or "BUSICORP S. à r. l." for short, with main office at Howald, established under a document certified by the above-named notary public on December 18, 1984, published in the Official Gazette C, number 38, of February 8, 1985.

That pursuant to a proper agenda, the following resolutions were passed unanimously:

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First Resolution:

Article 3 of the company's bylaws shall be modified to read as follows:

Article 3 - The company shall have a 30-year life, beginning on the date of its establishment, namely, December 18, 1984.

Second Resolution:

The partners resolve to convert the present limited company into a corporation in accordance with the prerogative which is set forth under article 3 of the law on business enterprises, it being understood that the conversion shall entail no changes in the basic agreement of the partnership or in the life of the company.

Third Resolution:

As a result of the change to a corporation, the stockholders' meeting replaces the current bylaws with a new set of bylaws which shall read as follows:

Article 1 - A corporation is being formed by the persons whose names appear hereinabove and by those who will acquire possession of the shares of stock which are now being issued, this corporation to be known as "BUSINESS FOR INTERNATIONAL CORPORATIONS, INC." or "BUSICORP, INC." for short.

Article 2 - The corporation's headquarters shall be located at Howald, Luxemburg.

By majority decision of the Board of Directors, the corporation

shall be able to create branches, dependencies, agencies and administrative offices in the Grand Duchy, as well as abroad.

If extraordinary events of a political, economic or social nature should occur or threaten to occur to an extent that would jeopardize the headquarters' normal activities or the flow of communications between headquarters and foreign countries, the corporation headquarters may be transferred abroad for the duration of the abnormal circumstances without entailing any changes of nationality for the corporation which shall continue to remain Luxemburgian.

Such declarations of headquarters' transfers shall be made known to third parties by one of the executive bodies of the corporation with powers to commit the corporation in the course of daily managerial decisions.

Article 3 - The corporation's life shall be thirty years from the date of its establishment, namely, December 18, 1984.

Article 4 - The purpose of the corporation shall be the performance of office services and all other commercial, financial or real estate transactions which are directly or indirectly connected therewith or further their implementation.

Article 5 - The capitalization of the corporation shall be set at four million one hundred thousand francs (4,100,000 francs) divided into eighty-two (82) face-value shares of fifty thousand francs (50,000 francs) each, all of which have been paid up as is apparent in the report of enterprise auditor [redacted] which report, properly signed by the certifying notary and the appearing parties, shall be attached to and jointly filed with this document. The auditor's report, dated August 14, 1985, bears the following bottom line:

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"The foregoing shows that on August 14, 1985, BUSICORP, S. à r. l., was worth an amount at least equal to 4,900,000 Luxemburgian francs."

Article 6 - The corporation shares of stock shall be registered shares or shares made out to bearer depending on the stockholder's choice, with the exception of those shares which must be registered in compliance with the requirements of the law.

Article 7 - The corporation shall be administered by a Board of Directors consisting of at least three members who may or may not be stockholders and whose term of office - upon being elected by the stockholders' meeting, which shall retain the power to revoke their mandate at any time - shall not exceed six years.

Incumbent directors can be re-elected. The mandate of outgoing directors comes to an end with the closing of the annual stockholders' meeting.

In the event of a vacancy on the Board of Directors, a joint meeting of the remaining directors and auditors shall have the power to provide a temporary solution.

When this situation occurs, the first gathering of the annual stockholders' meeting shall elect a definitive successor who serves out the term of the director he is replacing.

Article 8 - The Board of Directors shall choose one of the directors as Chairman of the Board. In the event the Chairman of the Board is unable to perform his duties, he shall be replaced by the oldest director.

The meetings of the Board of Directors shall be called by the Chairman of the Board or at the request of two directors whenever the

corporation's best interests so require.

Except for acts of God, war and public disturbances, the deliberations and resolutions of the Board of Directors shall not be valid unless a majority of the members of the Board are present or represented.

Any member of the Board prevented from attending or absent shall be able to confer power to represent him and vote in his place on one of his colleagues either in writing or by telegram or telex subject to written confirmation.

All resolutions of the Board of Directors shall require an absolute majority of the votes. In case of a tie, the chair's vote shall prevail.

Article 9 - In emergency cases, the members of the Board shall be able to vote by writing, or by sending a telegram or a telex subject to written confirmation within three complete days. Such letters, telegrams and telexes shall be attached to the minutes of the deliberations.

Article 10 - Minutes shall be kept of each and every session of the Board of Directors and such minutes shall be signed by all the members of the Board who take part in the deliberations.

The originals of these minutes shall be incorporated in the corporation's register.

Copies and abstracts of such minutes, when produced, shall be certified by the Chairman of the Board or by two Board members.

Article 11 - The Board of Directors shall be endowed with all the powers required to perform administrative acts and make executive decisions toward achieving the corporation's goals. It shall have jurisdiction over any act or

decision which is not expressly attributed to the stockholders' meeting by the law of the land or by the corporation bylaws.

Article 12 - As far as third parties are concerned, the corporation shall be legally committed under all circumstances if two directors jointly affix their signatures to a document. However, the signature of a single director shall be sufficient to validly represent the corporation in all dealings with public administrations.

The Board of Directors shall be able to delegate all or part of its daily management powers to director, directors, managers or other agents.

The corporation shall be committed by the activities of the above persons only to the extent that they acted within the limits of their powers.

Article 13 - The corporation shall be subject to verifications by one or more auditors to be appointed by the stockholders' meeting, which establishes their number and remuneration.

An auditor's mandate shall have a duration fixed by the stockholders' meeting, but cannot exceed six years.

Auditors shall have unlimited powers to verify and control all of the corporation's operations.

They shall have access to the books, correspondence, minutes and, generally speaking, all of the corporation's records wherever they are kept.

The corporation administration shall forward to them at the end of each semester a statement showing assets and liabilities.

Auditors shall be required to submit to the stockholders'

meeting the results of their observations and whatever proposals they deem desirable, giving an account of the method used in computing inventories.

The accountability of auditors in the performance of their verification and control duties is determined by following the same rules which apply to the accountability of directors.

Article 14 - Directors and auditors assume no personal obligation in the exercise of their management of the commitments of the corporation, but are responsible to the corporation for the execution of their duties and whatever faults or mistakes are committed in the exercise of their functions.

Article 15 - Each director and each auditor must assign, within one month from his appointment, one share of his stock of the corporation to be held as preferred stock guaranteeing the performance of his duties.

Article 16 - The stockholders' meeting is a gathering of all stockholders. It has full powers to decide on the corporation's business.

Article 17 - The annual stockholders' meeting gathers at Howald, at the address shown on the convocation, on the second Friday of the month of June, at 5:00 pm, the first meeting to take place in the year nineteen hundred and eighty-six.

Should the date of the meeting fall on a legal holiday, the assembly shall meet on the first following workday.

Article 18 - A special stockholders' meeting can be called by the Board of Directors or the Board of Auditors. A convocation by the Board of Directors requires a request by stockholders representing one/fifth of the outstanding stock.

A special meeting shall be held at the place named in the convocation, which shall also specify the agenda to be dealt with.

Article 19 - Any person owning a share of stock shall be entitled to vote, one share representing one vote, except for the restrictions imposed by law. Any stockholder can be represented for an unlimited number of shares by a person holding a specific proxy issued over the shareholder's signature.

Article 20 - The deliberations of the stockholders' meeting take place in compliance with the requirements of the Luxemburgian law on business concerns of August 19, 1915, as amended. Except for meetings held to change the bylaws, all resolutions are passed by simple majority of the votes represented.

Article 21 - Stockholders' meeting are chaired by the Chairman of the Board or, in his absence, by the oldest director.

The Chairman names a Secretary and the stockholders' meeting names two officers in charge of verifying and guaranteeing the regular course of the meeting.

Article 22 - The deliberations of the stockholders' meeting are recorded in minutes which shall show the resolutions passed, the appointments made and whatever statements are made from the floor with a request that they be shown in the minutes.

The minutes shall be signed by the members of the Board. If abstracts are made, they shall be delivered with a certification of a member of the Board.

Article 23 - A business year starts on January first and ends on December thirty-first of each year.

Each year, the books, registers and accounts of the corporation are balanced and an inventory is prepared containing an indication of all the assets and liabilities of the corporation, with an attachment showing all the commitments and debts of the directors and auditors to the corporation.

The Board of Directors draws up a balance sheet and a profit-and-loss statement, showing, among other things, the required amortization quotas.

These items, along with a report on the corporation's operations, are remitted at least one month prior to the holding of the stockholders' meeting to the board of auditors, who prepare a report containing their proposals and a description of the method they have used to verify the various inventories.

Article 24 - With the approval of the board of auditors, the Board of Directors may, in compliance with the pertinent rules and regulations, make advance payments on dividends.

The stockholders' meeting may decide that profits and reserves earmarked for distribution may be assigned to capital amortization without reduction of the declared capitalization.

Article 25 - Two weeks prior to a regular stockholders' meeting, the balance sheet and the profit-and-loss statement are made available to the stockholders on the premises of the corporation headquarters.

Article 26 - The surplus of the balance sheet - after deduction of charges and amortizations - constitutes the corporation's net profit. Five percent of this net profit is set aside to meet the statutory reserve fund

requirement; an obligation which is met when the reserve fund reaches a level equivalent to a tenth of the corporation's capitalization. The obligation returns into force whenever use is made of the reserve fund for any and all reasons.

Article 27 - The corporation can be dissolved as a result of a resolution passed by the stockholders' meeting.

At the time of its dissolution, whether in advance of the corporation's life term, or upon expiration thereof, a liquidation shall be undertaken by one or several liquidators, who can be physical persons or legal entities, to be appointed by the stockholders' meeting that shall determine their powers and remuneration.

Upon realizing the worth of the assets and payment of all liabilities, reimbursement of the shares of stock shall be undertaken. This reimbursement shall take into consideration the proportion to which each share of stock has been paid up.

SPECIAL STOCKHOLDERS' MEETING

Having thus approved the corporation bylaws, the stockholders representing the totality of shares of the corporate capital, considering themselves duly convoked, declared to be assembled in a special meeting for the purpose of passing on the following resolutions which they approved unanimously:

I. The number of members of the Board is set at three and of auditors is set at one.

II. The following persons are chosen as directors:

a) [redacted] residing at [redacted]
[redacted]

b) [redacted] residing in [redacted]
[redacted]

c) Mr. John C. ELLSWORTH, director, residing at 7757 Sky Hill Drive, Studio City, California, USA, chairman of the Board of Directors.

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III. The auditor is chosen in the person of:

[redacted] residing at
[redacted]

IV. The mandates of the directors and auditor shall expire with the regular stockholders' meeting to be held in connection with the 1989 business year.

V. The corporation's address shall be: 12, Ceinture des Rosier, Howald.

THIS DOCUMENT,

having been prepared and approved in the office of the notary public,

on the date shown at the beginning of the document,

after being read and explained to the appearing parties, was signed by all of them and by myself, the Notary Public.

signed [redacted] J. SECKLER

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Registered on four duty-paid sheets without marginal corrections or references, at Grevenmacher, on August 27, 1985, volume 475, folio 79, chest 4. Received: one hundred francs (100 francs), (signed) receiver of registry fees and stamp duties.

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THIS IS A TRUE COPY

delivered upon request.

Junglinster, September 10, 1985

duties: 450.00

TRANSLATOR'S NOTE: The document consist of five sheets, whose order is shown in the bottom lefthand corner of each sheet in a notation provided with the initials of the notary public.

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FEDERAL BUREAU
OF INVESTIGATION

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RR HQ PAR BER

DE LA #0021 2582106

ZNR UUUUU

R 142050Z SEP 88

FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

LEGAT PARIS (196-0)/ROUTINE/

LEGAT BERN/ROUTINE/

BT

UNCLAS

CITE: //3410//

Exec AD-Adm.	_____
Exec AD-Inv.	_____
Exec AD-LES	_____
Asst. Dir.:	_____
Adm. Serv.	_____
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Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgnt.	_____
Tech. Servs.	_____
Training	_____
Off. Liaison & Int. Affs.	_____
Telephone Rm.	_____
Director's Sec'y	_____

SUBJECT: [REDACTED] AKA, ET AL FBW; MF; ITSP; OO: LOS ANGELES.

RE LOS ANGELES TEL TO BERN AND LEGATS DATED JUNE 6, 1988 AND
LEGAT, PARIS TELETYPE DATED SEPTEMBER 8, 1988. 196-8198-13

REFERENCED LOS ANGELES TELETYPE SETS FORTH BACKGROUND RE
CAPTIONED CASE. OCT 25 1988

IF APPROVED BY THE BU, SA [REDACTED] (FBI-LOS ANGELES
OFFICE), IRS SA [REDACTED] (LOS ANGELES, CALIFORNIA)
AND DEPARTMENT OF LABOR INVESTIGATOR [REDACTED] (LOS ANGELES,

RELAYED TO:

PAR, BER

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PAGE TWO DE LA 0021 UNCLAS

CALIFORNIA) PLAN TO TRAVEL TO PARIS, FRANCE ON OCTOBER 11, 1988
ARRIVING PARIS ON OCTOBER 12, 1988. CONTACTS WITH LUXEMBOURG
OFFICIALS WOULD BE CONDUCTED ON OCTOBER 13-14, 1988. INTERVIEWS
WITH [REDACTED] AND [REDACTED] WOULD BE
CONDUCTED ON OCTOBER 17-18, 1988 IN LUXEMBOURG. LEGAT, PARIS
ADVISED ARRANGEMENTS FOR CONTACTS WITH [REDACTED] AND
INTERVIEWS WITH [REDACTED] AND [REDACTED] HAVE BEEN APPROVED BY THE
APPROPRIATE [REDACTED]. LEGAT, PARIS FURTHER ADVISED
TRAVEL TO LUXEMBOURG FROM PARIS WILL BE ARRANGED THROUGH LEGAT.

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AUSA [REDACTED] LOS ANGELES, CALIFORNIA AND SAC, LOS
ANGELES CONCUR WITH TRAVEL OF SA [REDACTED] TO LUXEMBOURG. ROUND
TRIP AIR FARE TO PARIS ESTIMATED AT APPROXIMATELY \$1100 AND EIGHT
DAYS PER DIEM BASED ON \$148 PER DAY IN LUXEMBOURG TOTALS \$1184.
TOTAL TRIP EXPENDITURE ESTIMATED AT APPROXIMATELY \$2284.

FBIHQ IS REQUESTED TO OBTAIN THE APPROPRIATE APPROVALS TO
AUTHORIZE TRAVEL OF SA [REDACTED] TO TRAVEL TO
PARIS AND LUXEMBOURG TO CONDUCT INTERVIEWS RE CAPTIONED CASE.

BT

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Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
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 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
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 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To : Mr. [Redacted]

Date 10/6/88

From : F. J. Clarke

Subject :

[Redacted] AKA; ET AL;
 FBW; MF; ITSP;
 OO: LOS ANGELES

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PURPOSE: To obtain approval for the travel of Los Angeles Special Agent (SA) [Redacted] on October 11, 1988 to Luxembourg to conduct interviews with [Redacted] during ongoing Federal grand jury proceedings on captioned matter.

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RECOMMENDATION: That approval be granted for travel.

APPROVED:

Director

Exec. AD-Adm.

Exec. AD-Inv.

Exec. AD-LES

Adm. Servs.

Crim. Inv.

Ident.

Inspection

Intell.

Laboratory

Legal Coun.

Off. of Cong. & Public Affs.

Off. of Lia. & Intl. Affs.

Rec. Mgnt.

Tech. Servs.

Training

DETAILS: The Los Angeles Division is conducting an investigation into alleged criminal activities of Commercial Acceptance Corporation (CAC) by John C. Ellsworth, [Redacted]. In November 1987, the California Department of Corporations (CDC) filed a civil suit charging CAC and Ellsworth with fraud in their borrowing \$60 million from pension and profit sharing funds of companies and individuals. These funds were invested with CAC with the assurance and understanding that an attractive rate of return would be earned as a result of using the funds to make insured loans, collateralized by personal property. The Ellsworth controlled firms borrowed \$20 million from CAC and formed Busicorp and IRI in Luxembourg for the purpose of insuring CAC loans. [Redacted]

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[Redacted] were involved in Busicorp and IRI, but claim they were victims of a fraud by Ellsworth themselves. They further claim that \$300,000, given to them by Ellsworth to capitalize Busicorp, was returned to Ellsworth. In an FBI interview, Ellsworth denied the \$300,000 was returned, and claimed that \$500,000 in insurance premiums had been paid to Busicorp/IRI.

- 1 - Mr. Clarke
- 1 - Mr. [Redacted]
- 1 - Mr. [Redacted]
- 1 - Mr. [Redacted]
- 1 - Mr. [Redacted]
- 1 - Mr. [Redacted]
- 1 - Mr. [Redacted]

(OLIA)

[Redacted] : may (8)

(CONTINUED OVER)

FBI/DOJ

Memorandum from F.I. Clarke to Mr. Revell
Re: [REDACTED] AKA; ET AL;
FBW; MF; ITSP;
OO: LOS ANGELES

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In Luxembourg, SA [REDACTED] will conduct interviews of [REDACTED] and [REDACTED] and discuss the matter with [REDACTED]. It will also provide an opportunity to review documents in the possession of [REDACTED] and [REDACTED] regarding these transactions. Due to the numerous complex transactions involved, and the follow-up questions which may be necessary, the Paris Legal Attache recommended the Los Angeles case Agent conduct the interviews.

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The Legal Attache from Paris has obtained host country approval for the travel, and the interview will be coordinated by [REDACTED]. Both subjects [REDACTED] are amenable to be interviewed by the FBI.

SAC, Los Angeles, and Assistant United States Attorney, [REDACTED] Los Angeles, believe the travel and interviews are necessary to establish more facts for the prosecution. The travel is supported by: Department of Justice, Office of International Affairs Attorney, [REDACTED] Department of State Consular Services Section; and Supervisory Special Agent, [REDACTED] FBI Office of Liaison and International Affairs.

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SA [REDACTED] is in possession of a valid U.S. passport and has obtained the necessary visas for the country involved.

The estimated costs of round trip air fare and per diem for the trip is \$2,284.

This request has been reviewed by the Financial Crimes Unit, White-Collar Crime Section, Criminal Investigative Division, which concurs with the need for the travel and recommends approval be given to this request.

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CRIMINAL INVESTIGATION
DIVISION - NEW YORK CITY OFFICE

Exec AD Inv.	
Exec AD LES	
Asst Dir:	
Adm Serv.	
Crim Inv.	
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Legal Coun	
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DE LA #0009 2810050

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R 060009Z OCT 88

FM FBI LOS ANGELES

TO DIRECTOR FBI/ROUTINE/

LEGAT PARIS (163A-4034)/ROUTINE/

BT

UNCLAS

CITE: //3410//

SUBJECT: [REDACTED] AKA ET AL, FBW, MF, FTSP; OO: LOS ANGELES.

RE LEGAT PARIS TELETYPE DATED SEPTEMBER 28, 1988.

IF APPROVED BY THE BUREAU, SPECIAL AGENT (SA) [REDACTED]

[REDACTED] (FBI), SA [REDACTED] (IRS) AND DEPARTMENT OF LABOR

INVESTIGATION [REDACTED] WILL BE TRAVELLING TO PARIS, FRANCE

FROM LOS ANGELES CALIFORNIA, VIA PAN AM, FLIGHT NUMBER 116

ARRIVING DE GAUL AIRPORT, PARIS ON OCTOBER 12, 1988 AT 6:55 A.M.

LEGAT IS REQUESTED, IF POSSIBLE, TO ARRANGE MEETING ~~10 OCT 30 1988~~

[REDACTED] FOR THE AFTERNOON OF [REDACTED]

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OCTOBER 13, 1988 TO ALLOW TRAVEL TIME TO LUXEMBOURG THE MORNING
OF OCTOBER 13, 1988.

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10/14/88

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FM DIRECTOR FBI

TO LOS ANGELES {196A-4834} ROUTINE

LEGAT PARIS {163A-4034} ROUTINE

BT

UNCLAS

[REDACTED] AKA, ET AL; FBW; MF; ITSP; 00: LOS ANGELES

RE TELETYPE FROM LOS ANGELES TO DIRECTOR DATED 10/6/88.

THE PURPOSE OF THIS TELETYPE IS TO CONFIRM ORAL FBIHQ
AUTHORIZATION GIVEN TO SA [REDACTED] TO TRAVEL TO
LUXEMBOURG BY SSA [REDACTED] FCU ON 10/7/88.

LEGAL ATTACHE PARIS OBTAINED HOST COUNTRY APPROVAL FOR THE
TRAVEL, AND THE INTERVIEW WILL BE COORDINATED BY [REDACTED]

BT

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196-8198-14X

NOV 7 1988

APPROVED:

[Signature]

[REDACTED] 23

10/14/88

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NOTE: MEMORANDUM DATED 10/6/88 FROM F.I. CLARKE TO MR. REVELL
DOCUMENTS FBIHQ APPROVAL FOR LOS ANGELES SA [REDACTED]
TO TRAVEL TO LUXEMBOURG.

1 - MS. [REDACTED]

APPROVED:

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION
Director
Exec AD-Adm.
Exec AD-Inv.
Exec AD-LES

Adm. Servs.
Crim. Inv. [Signature]
Ident. [Signature]
Inspection [Signature]
Intell. [Signature]
Laboratory [Signature]
Legal Coun. [Signature]
Off. of Cong. & Public Affs.
Off. of Lia. & Intl. Affs.
Rec. Mgmt.
Tech. Servs.
Training

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[Signature]

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RR HQ LA BON

DE PAR #0399

ZNR UUUUU

R 031215Z FEB 89

FM PARIS (BRUSSELS) (163A-4034) (P)

TO DIRECTOR FBI/ROUTINE/


FBI LOS ANGELES (196A-4834)/ROUTINE//

LEGAT BONN (INFO)/ROUTINE/


BT

UNCLAS

CITE: //5250//

SUBJECT:  AKA; ET AL; FBW; MF; ITSP; OO: LOS ANGELES.

RE BUTEL, 10/14/88.

AS LOS ANGELES WILL RECALL, SPECIAL AGENTS OF THE FBI AND
INTERNAL REVENUE SERVICE AGENTS VISITED LUXEMBOURG IN THIS MATTER
IN OCTOBER, 1988, AND 

LOS ANGELES IS REQUESTED TO ADVISE IF ADDITIONAL INQUIRIES
ARE NECESSARY IN LUXEMBOURG.

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CHIEF OF POLICE
JAN 17 1989

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FEDERAL BUREAU
OF INVESTIGATION

CRIMINAL INVESTIGATION
DIVISION

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Exec AD LES	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Crim. Inv.	_____
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Director's Sec'y	_____

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FEDERAL BUREAU
OF INVESTIGATION

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RR HQ PAR BON

DE LA #0004 0670104

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R 080049Z MAR 89

FM FBI LOS ANGELES (196A-4834) (WCC-1) (P)

TO DIRECTOR FBI/ROUTINE/

LEGAT PARIS/(163A-4034)/ROUTINE/

INFO LEGAT BONN/ROUTINE/

BT

UNCLAS

CITE: //3410//

SUBJECT: [REDACTED] ET AL, FBW; MF; ITSP; OO: LOS ANGELES.

RE LEGAT PARIS TEL DATED 2/3/89.

AT THE PRESENT NO FURTHER INQUIRIES ARE REQUESTED. AUSA,

LOS ANGELES, HAS NOT MADE A DECISION AS TO WHETHER LETTERS

ROGATORY RE BUSICORP RECORDS WILL BE NEEDED IN CAPTIONED CASE.

LOS ANGELES WILL KEEP LEGAT, PARIS (BRUSSELS) ADVISED IF ANY

FURTHER INQUIRIES NEEDED.

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Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD L&A	_____
Asst. Dir.:	_____
Adm. Serv.	_____
Crim. Inv.	_____
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Director's Sec'y	_____

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196-8160-4

APR 26 1989

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BM, Par